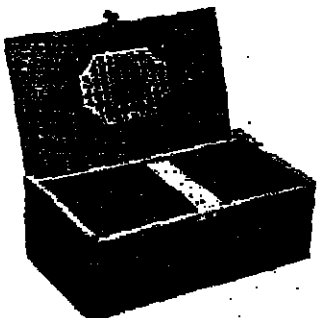




China comes to terms with its one-child policy



Smoking gets even more serious in Cuba

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# FT

## FINANCIAL TIMES

APRIL 17/ APRIL 18 1999



Tintin goes on his first assignment



Spanish eyes shine on golfing heroes

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## New refugee exodus floods from Kosovo

Nato steps up air attacks as weather clears

By Our International Staff

Ethnic Albanian refugees evicted from their homes by Serbian forces were again flooding out of Kosovo yesterday.

International organisations said 5,000 refugees crossed into Albania and about 7,000 entered Macedonia. Thousands more were expected.

More than 500,000 people have fled Kosovo since March 24, when the Nato attacks began and Serbian forces stepped up their ethnic cleansing. A further 500,000 are estimated to be displaced within Kosovo, of whom half may be without shelter.

Nato yesterday launched some of its most intensive air attacks yet on the military apparatus of Slobodan Milosevic, the Yugoslav president. Helped by good weather, Nato aircraft were reported to have bombed targets including tanks, artillery and missile sites, oil facilities, an ammunition depot, and Podgorica airfield in Serbia's sister republic of Montenegro.

In Paris, President Jacques

Chirac voiced France's determination to help ethnic Albanians inside Kosovo by speeding up plans for parachute drops of emergency supplies. Nato has been wary of air drops because of the danger to aircraft and fear of supplies falling into Serb hands.

In Brussels, Nato fended off questions about refugees alleged by Belgrade to have been killed by its bombs in Kosovo on Wednesday, saying it was still investigating. Foreign journalists were shown corpses, charred vehicles and bomb craters to the south of the town of Djakovica.

Nato had apologised for accidentally bombing one civilian vehicle. "I have no indication at the present time that Nato was responsible for any other damage to a civilian vehicle than the incident north of Djakovica," said Jamie Shea, Nato spokesman. "For the others I think you should seek your explanation in Belgrade as much as you should at Nato headquarters."

In Washington, William Cohen, the US defence secretary, said he would probably ask President

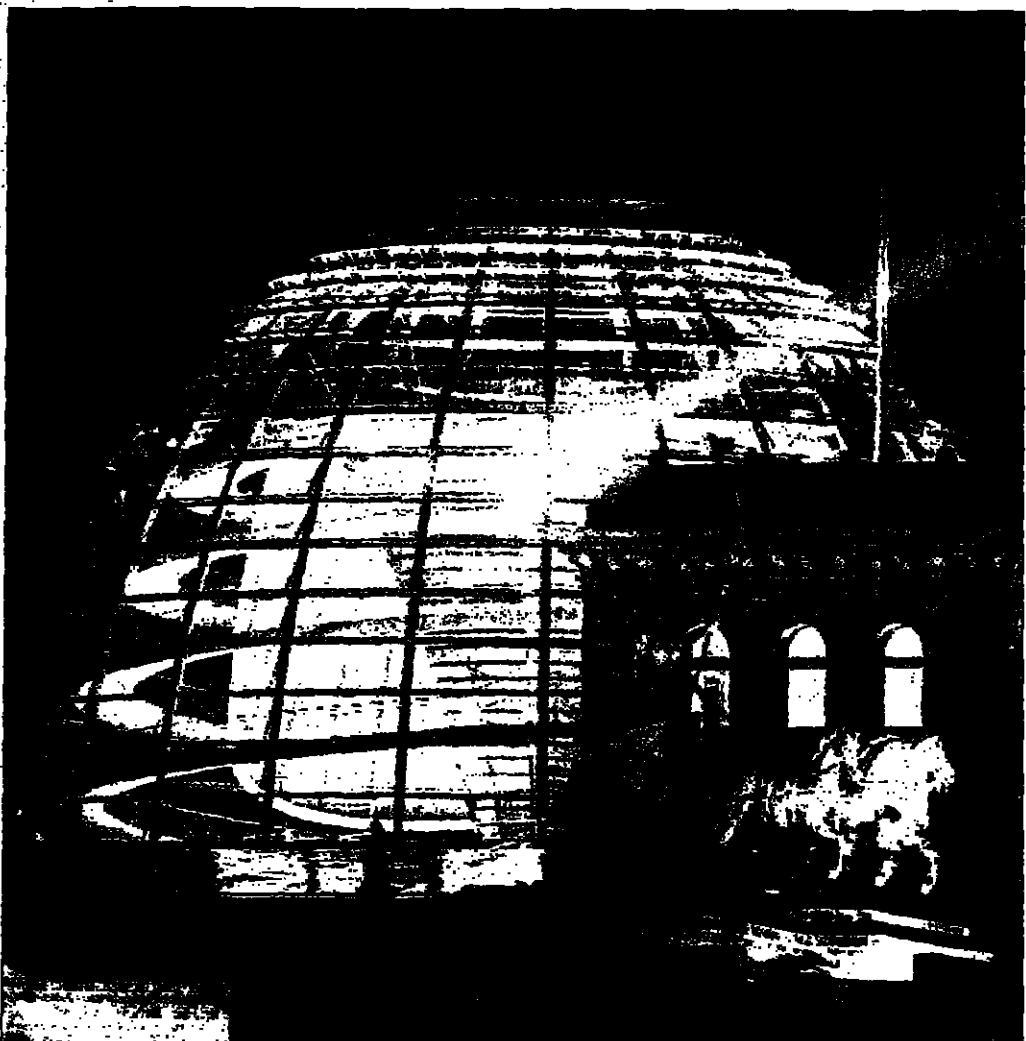
Bill Clinton next week to call up reservists to assist regular forces in the air campaign. Officials said the request could be for as many as 33,000, including 35,000 Air National Guard members who could be used for air-to-air refuelling and other missions.

In Belgrade, Ibrahim Rugova, elected leader of the Kosovo Albanian majority, held a second round of talks with the Serbian leadership since he was placed under house arrest in Pristina after the Nato offensive began.

State media said Mr Rugova and Milan Milutinovic, the Serbian president, issued a joint statement that called for a halt to Nato's air campaign and direct dialogue in the search of a political settlement based on the equality of all national groups in Kosovo.

Reporting by Alexander Nicoll in London, Neil Buckley in Brussels, Guy Dinmore in Belgrade, Robert Graham in Paris and Matej Vipotnik in Skopje

Kosovo crisis, Page 2  
The propaganda war, Page 6



Glass Mountain: the new Reichstag looms above Berlin's Brandenburg Gate. On Monday the Bundestag will hold an inaugural session there before it moves from Bonn later this year. Birth of the Berlin republic, Page 7

## Japan's 'big storehouse' angry over name loss

By Gillian Triff in Tokyo

Last year it was tainted by corruption scandals. This year, it was blamed for creating a deep recession. Yesterday, Japan's finance ministry suffered a new humiliating blow - the loss of its name.

The cabinet announced that the ministry would be stripped of its name *okurasho* in 2001, and instead will be called *zaimusho*, a term normally translated as "treasury" and used to describe western finance ministries.

To foreigners, the switch might seem cosmetic, but the linguistic shuffling has been reported with breathless excitement by the Japanese media, which view it as a punishment for the ministry's alleged mismanagement of the economy in recent years.

It has also provoked outrage at the ministry, which points out that the term *okurasho* - literally "big storehouse ministry" - has been in use since the 5th century, when imperial finances revolved around storing rice as wealth.

The squabble points to a broader bureaucratic battle about the role of bureaucrats in Japan's ailing economy.

Opposition parties have been demanding that the finance ministry should lose its remaining responsibility for the financial sector in 2001. This follows a decision last year to pass its role in inspecting banks to the new Financial Supervisory Agency.

However, the finance ministry insists it needs to retain control over the financial sector to create a coherent economic policy.

After months of wrangling, Keizo Obuchi, the prime minister, yesterday appeared to lean on the side of the bureaucrats, pledging that the ministry would retain some financial powers.

Meanwhile, bureaucrats warn there could still be many more turf battles over control of Japan's chaotic economic policy.

## Virgin plans £1.2bn IPO after Continental deal fails

By Richard Rivlin and Michael Skapinker

Virgin Travel Group, the international airline and holidays business controlled by Richard Branson, is preparing plans for a £1.2bn (£1.93bn) stock market launch in the fall after failing to sell a minority stake to Continental Airlines.

It is understood that talks with Continental, with a view to the US airline taking a near 40 per cent stake in Virgin for about \$400m, collapsed eight weeks ago.

It is believed that they founded over the issue of price.

Consequently, Mr Branson and the management team at Virgin Travel Group are again examining plans for an initial public offering.

No decision has yet been taken on the volume of shares that would be placed, although sources suggest Mr Branson will maintain a majority stake. Initial plans are for a dual listing in London and New York.

Investment banks Merrill Lynch and Morgan Stanley are

close to being appointed to guide the group to market to obtain the £1.2bn valuation.

The travel group includes Virgin Holidays, along with the Virgin Sun short haul package holiday business - to be launched next month - as well as the airline.

According to audited accounts, the business recorded pre-tax profits of £28.4m (£44.6m) on sales of £942.3m (£785.14m) in the year to April 1998.

It is not the first time Mr Branson has considered plans to list

his airline and holidays business. Last year the group explored the option before uncertain market conditions led it to shelve its plans.

The money raised will be directed to fund the group's expansion plans. These include the setting up of Virgin Sun.

The travel group is also expected to mount a formal £75m bid for the Gatwick CityFlyer Express airline if the UK's Competition Commission, formerly the Monopolies and Mergers Commission, rejects an equivalent bid from British Airways.

The decision will affect the timing of any listing announcements.

Although the talks with Continental failed to produce a deal, both sides remain close business partners. Since 1997 they have enjoyed a code sharing agreement, under which they sell seats on each other's flights.

The agreement is particularly valuable to Continental because it allows it to sell tickets on Virgin's flights to London's Heathrow airport.

Virgin, BA, United and American are the only carriers permitted to fly between Heathrow and the US under the bilateral air agreement between the two countries.

No one from Continental Airlines was available to comment.

But a spokesman for Virgin said: "We have made no formal decision to float the airline, but it is a possible consideration for the future, given the strong performance of the business and the exciting expansion plans that we have got."

### News General

#### IMF asks Nigeria about \$1bn

Nigeria's outgoing military government has been asked to account for up to \$1bn of state funds or risk breaching its recent policy agreement with the International Monetary Fund. Page 4

#### Going for gold in Turkish elections

Showering the inhabitants of a place called Gold Mountain with gold coins is the kind of campaigning tactic which gives the Turkish elections tomorrow their surreal character. But Islamist candidate Melih Gökçek is fighting to save his seat as mayor of Ankara. Page 3

#### BJP gains support in confidence vote

India's Bharatiya Janata party-led coalition might survive today's confidence vote after two small parties said they would side with it - a disappointment for former movie starlet Jayaram Jayalalitha. Page 4

#### Top award for FT journalist

Peter Martin, deputy editor and weekly columnist of the Financial Times, was named Senior Financial Journalist of the Year in the Harold Wincott Press and Broadcasting Awards for 1998. Judges for the UK's premier awards for business journalism cited his broad range of interests, his ability to spot trends and, in particular, his insights into the increasing impact of technology on business. Vicki Baldwell, editorial writer, was commended in the junior category.

### Man in the News

Abdelaziz Bouteflika waited in the shadows for 20 years with the sole ambition of becoming Algeria's president. But his declared victory yesterday must have felt like a cruel personal defeat.



Page 7

### News Business

#### Rome and Bonn in telecoms talks

The Italian and German governments held preliminary talks on the possibility of a merger between Telecom Italia and Deutsche Telekom, as Rome confirmed it had been formally presented with proposals for such a move. Page 23; Cable and Wireless considers legal action over IDC bid, Page 22; Lax, Page 24

#### UK retailers set to unite in Europe challenge

Kingfisher and Asda, two of Britain's best-known retailers, are poised to enter Europe's stores superleague, with plans for a merger to create a group with estimated sales of more than £19bn (\$30.6bn). Wal-Mart of the US entered the European market with a move into Germany 18 months ago. Page 24, with Lax

#### Paribas-Axa pact a blow to BNP plans

The re-emergence of a decade-old legal agreement is set to deal a serious blow to Banque Nationale de Paris's ambition to create the world's largest bank by simultaneously acquiring its rivals Société Générale and Paribas. The document, to be published on Monday, involves a pact between Paribas and Axa, its leading shareholder and France's largest insurance company. Page 24

#### Bourses edge lower despite merger speculation

European stock markets edged lower despite speculation about a Deutsche Telekom-Telecom Italia merger. The transnational FTSE Eurotop 100 index fell 0.8 per cent, while the DAX in Frankfurt dropped 0.9 per cent. There were further signs of switching into cyclical stocks. Bonds, Page 8; Currencies, Page 9; World stocks, Page 21

#### Nissan to omit dividend and cut 5,000 jobs

Nissan Motors, the troubled Japanese carmaker which last month entered into a strategic alliance with France's Renault, is to omit its year-end dividend for the first time. Yoshikazu Hanawa, Nissan president, unveiled further restructuring plans, including 5,000 job cuts in its global workforce by the end of March 2001. Page 24

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# WORLD NEWS

EUROPE

**BALKAN CRISIS SERBS DIG IN TO DEFEND POSITIONS IN KOSOVO ■ MONTENEGRO ACCUSES YUGOSLAV ARMY OF PROVOKING NATO ■ REFUGEE SMUGGLERS READY WITH SPEED BOATS**

## Armoured vehicles replace plough in blackened villages

By Guy Dinmore  
in Prizren, Kosovo

Blackened shells of deserted villages line the roads along Kosovo's southern borders with Macedonia and Albania. Some are still smouldering and the exodus of ethnic Albanian refugees goes on - mostly women, children and the elderly, crowded on to tractors and trailers.

But the Yugoslav armed forces are moving in and show no sign of intending to leave. Their armoured vehicles have taken up residence in haystacks and abandoned farms and houses, away from the military garrisons targeted daily by Nato warplanes.

Reservists in ill-fitting uniforms dating back to Tito's era fill the streets of towns that appear relatively unscathed, apart from the looted shops of their former ethnic Albanian occupants. Out in the untilled fields, among the aimlessly roaming herds of cattle, soldiers are digging fresh bunkers and trenches. On the washing lines of ethnic Albanian farms - readily identified by the television satellite dishes on the roof - Serbian military uniforms hang out to dry.

Foreign reporters, escorted by the army into Kosovo to see the grisly remains of a refugee column apparently

devastated by Nato missiles, were also able to gain a rare insight into what has happened in the far reaches of Serbia's southernmost province in the past three weeks of Nato's air offensive.

If there is a pattern to the mayhem that has torn apart Kosovo it is the clearing and destruction of villages along main roads and close to the towering, snow-capped mountains that divide the province from Macedonia and Albania.

The villages were the strongholds of the separatist Kosovo Liberation Army rebels who appear to have been driven out of the region stretching from Gnjilane in the south-east to Djakovica in the south-west.

But the large towns in between, Uroševac and Prizren, are mostly undamaged and firmly under the control of Serbian police and Yugoslav troops, despite attacks on their barracks. Morale appeared high and troops were relaxed. The area has a history of tough Serb resistance to outside invaders and the spirit of the second world war partisans of Tito lives on.

Waiting at one checkpoint in Uroševac, where police lounged on office furniture, reporters watched as Serbs emptied the contents of an Albanian-owned store into a waiting truck.

Serb civilians waved hap-



ply, giving their three-fingered victory salute. Looking cowed and afraid were about 100 ethnic Albanians in a nearby village, congregating by the roadside, perhaps waiting for transport to take them away. Prizren, a picturesque town tucked into the hills and dominated by the minarets of ancient mosques, seemed at first glance mostly empty. Nearly all shops were closed, padlocks on their doors, but not looted. But a monument to the Prizren League, celebrating the birth in 1878 of the anti-Ottoman movement among the Albanians, has been reduced to rubble. Life does exist in the town's narrow back streets, however. The gypsy quarter



The village of Pirana in the Prizren area was torched by Serb troops recently and is typical of what is happening in south Kosovo. Reuters

was as busy as ever, children playing in alleyways, men huddled in cafes. "Everything is fine," said one English-speaking gypsy. "We've had no trouble. Only there is no electricity."

The town's Turkish minority is still there too but there was little sign of its ethnic Albanian majority. In one

bakery that was still working a few ethnic Albanian girls and a middle-aged man queued for bread.

"We are all afraid. Many people have left," the man said in furtive whispers, looking over his shoulder at police across the road. Asked if there had been deaths in the town, he said he was too

scared to talk. Police and soldiers drive about in civilian cars, sometimes without number plates and with smashed windows that indicate they are not the original owners.

Few military vehicles are to be seen on the roads, more often concealed in back streets and farm compounds,

sometimes camouflaged with hay and green netting.

Prizren, famous for centuries for the Balkan magic that comes from the co-existence of many ethnic groups, lies across the main road leading from southern Kosovo over a mountain pass to the northern Albanian town of Kukës.

On the edge of Prizren, half a dozen tractors and trailers crammed with refugees made their way slowly into the city, presumably on their way to a life in exile.

Just outside Prizren, along the main road running north-west parallel to the border, lies the small town of Velika Kruska. Most of its white-walled and red-tiled houses have been blackened by fire and bear signs of heavy shelling. The mosque is in ruins, its minaret toppled in a struggle of stone. There is no sign of life.

Further on are the remains of what had been a huge column of refugees that Yugoslav officials said was attacked by Nato warplanes on Wednesday afternoon, killing 72 civilians.

The carnage stretched for several miles. More than 30 tractors and trailers were abandoned by the roadside, apparently undamaged. Clothes and bags were strewn over the verge.

Reporters counted six craters on or close to the road over a distance of about five miles. The charred corpses and mangled remains of human bodies as well as vehicles were compelling evidence of a devastating attack.

In the craters lay fragments of missiles with serial numbers and bits of English. One said "fire guided missile".

## Refugee inflow builds up

By Matej Vipotnik in Skopje

Several thousand refugees from Kosovo streamed into Macedonia yesterday, as humanitarian organisations warned of tens of thousands more still on their way.

About 6,000 refugees arrived in Macedonia between Wednesday and Thursday night to join the more than 118,000 who had come to Macedonia in the past three weeks, said a spokesman for the United Nations High Commissioner for Refugees in Skopje, Macedonia's capital.

About 3,000 refugees were thought to be from the Kosovo town of Uroševac, 30km north of the Macedonian border. "We don't know how many are left, but some refugees yesterday estimated there could be up to 20,000 left there," said Ron Redmond, UNHCR spokesman. Yugoslavia closed its borders on April 7, sending back the 20,000 waiting to enter Macedonia at the Jaxine crossing. The flow resumed on Tuesday, when about 2,000 ethnic Albanians crossed into Macedonia at the Blace border post.

At Lojane, an illegal border crossing north-east of Skopje, about 2,000 refugees were let in after several days in no man's land between Serbia and Macedonia.

"The trickle of refugees into Albania and Macedonia has now become a flow," James Rubin, State Department spokesman, said yesterday. There may be another 50,000 people waiting to leave for Albania and Macedonia, he added. There are 40,000 refugees from Kosovo in Macedonian refugee camps, while another 78,000 are with families in the small republic.

The World Bank said on Thursday it would seek to organise financial support for Macedonia.

## Immigrant smugglers cash in on turmoil

Stefan Wagstyl on a shadowy trade piled by speed boat between Albania and Italy

"This is my gun," says Pirro Khaka by way of introduction, pulling a revolver from his belt and putting it on the bar room table.

Welcome to the southern Albanian port of Vlorë, the most lawless town in Europe's most lawless country.

Vlorë's wealth is built on smuggling. High-speed boats take drugs, arms and other contraband to Italy. But their most distinctive trade is in illegal immigrants.

The boat owners are busier than ever, according to Italian police, who last year captured 54,000 illegal immigrants, 10 times as many as in previous years. Police fear Kosovo refugees could provide an extra source of people desperate enough to pay smugglers large sums for a risky passage across the Adriatic.

Even before the latest Serb onslaught, wealthier Kosovars were paying \$500 to \$1,000 a person for a chance to get to Italy.

Now with over 300,000 refugees in Albania and more on the way, business is looking good for Vlorë.

Mr Khaka says that for the moment the Kosovar market is quiet. "We did more Kosovars before the Nato bombing than we do now. It's because the Serbs stole all

their money and they can't afford it."

With his pistol, gold chains, gold bracelet, dark sunglasses, and bright yellow T-shirt, Mr Khaka looks every inch the modern pirate.

And Sokol Kociu, the Vlorë police chief, says that 41-year-old Mr Khaka has been detained and questioned several times in connection with smuggling. But Mr Khaka insists he has nothing to do with illegal activities. His business is wholly legitimate, he says.

In the past he was a trader in cosmetics and toiletries. Now he is investing in tourism - in the Sunny Beach hotel and bar in which he sits. But when he talks of smugglers he says "we" more often than "they". And he knows a lot about the immigrant trade.

"This information is so good, you should be paying me for it," he says.

Smuggling started after the collapse of communism in 1991. Initially with native Albanian men seeking work in Italy. Later, the smugglers globalised, establishing links with rings in Turkey, Greece and elsewhere bringing Kurds, Bangladeshis, Ukrainians, north Africans and others.

In the past year, the proportion of Kosovars has risen with the intensification of the fight between Serb forces and the guerrillas of the Kosovo Liberation Army.

Police say the smugglers operate about 180 speed boats, each capable of taking 20-40 passengers. The vessels are worth over \$100,000 each - making a total of \$18m, one of Albania's largest commercial investments.

Mr Khaka says that every time the police seize a boat, another comes to replace it. "They are like grass. If you mow the grass, it grows again."

The fruits of smuggling are visible in the newly built villas and flats around Vlorë, which sits on a beautiful natural harbour.

Along the water front, the Sunny Beach is one of many bars and hotels frequented by the smugglers, who while away their days resting before starting work at nightfall.

Vlorë has a tradition of rebellion and crime. It was here in 1912 that Albanian independence was first proclaimed. In the mid-1990s, the biggest of Albania's notorious pyramid savings schemes were run from Vlorë. In 1997 the anarchy that took over the country had its biggest manifestation in gang warfare in Vlorë, which was suppressed

only after the arrival of Italian peacekeeping troops.

With the restoration of government rule in Tirana, the authorities have come under pressure from Italy and the rest of the European Union to hit the smugglers.

Even before the Kosovo war started, Italy financed a joint Italian-Albanian radar station in Vlorë bay and posted over 600 soldiers, police and coastguards in Albania.

Now reinforcements are on the way. Mr Kociu, a top police official from Tirana, arrived in October in Vlorë to galvanise the local force into action. In January, parliament strengthened the anti-smuggling laws.

However, Mr Kociu admits his work is tough going. In January, he tested the new laws by impounding nine speed boats, only to be confronted by about 300 smugglers and their supporters demanding their return.

He was kidnapped and, after a tense standoff, he was forced to return the boats to secure his release.

"I gave back the boats to avoid trouble," says Mr Kociu, somewhat sheepishly. But Mr Kociu insists that the anti-smuggling campaign is going well. The speed boats, which used to sit openly in the bay, are now hidden away. Police have

condemned Nato's attacks, he has also declared his republic's neutrality in the conflict, and rejected the declaration of state of war by the federal government.

Mr Djukanovic last week accused Slobodan Milosevic, Yugoslav president, of exploiting the state of war to manipulate the federal army into a coup against Montenegro's government has been on the wave since the beginning of Nato air strikes.

While Mr Djukanovic has

should not needlessly spark Nato aggression. "[The army] bears responsibility for any unnecessary casualties or damage," he said.

Montenegro's democratically elected government could not defend itself against a coup mounted by the Yugoslav army, analysts said. Support for Montenegro's government has been on the wane since the beginning of Nato air strikes.

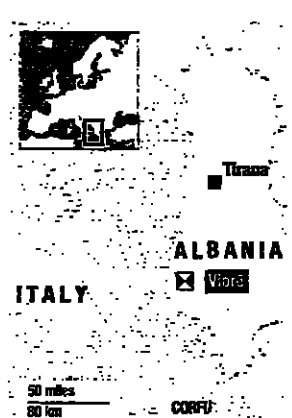
Chernomyrdin, the former prime minister, as his special envoy to Yugoslavia was seen as a calculated snub to Mr Primakov, who had previously taken the lead in talks with Belgrade.

The Russian president also appears to have rediscovered his populist touch, boding ill for Mr Primakov's future. Mr Yeltsin stole top billing on the television news on Thursday night when he decorated Alla Pugacheva, Russia's most celebrated pop icon, with a prestigious award and a giant bunch of pink flowers.

"I fell in love with you when you defied those who wanted to block you or put obstacles in your way. I also had to fight, and that is what we have in common," Mr Yeltsin said, before draining his glass of champagne.

But after bouncing back into the political fray this week, Mr Yeltsin has been slyly cutting his prime minister down to size - fuelling speculation that Mr Primakov may quit.

The president's decision this week to appoint Victor



raided fuel dumps, a smugglers' radar station in Italy, and two boat-making yards in Albania and Italy.

The police chief says the real battle is to secure the goodwill of the people of Vlorë. "I have to convince them that if there is law and order, legitimate money will come here. The EU has promised us aid."

Back in the Sunny Beach bar, Mr Khaka replies: "It is the government that is bad in Albania. Not the people in Vlorë. What we need is a Nato protectorate. If this happens we will be saved from our useless government."

With that he adjusts his gun belt and walks out of the bar towards his hotel. At the moment, he is hosting some Kosovar families free - one of the many Albanians who have offered shelter to the refugees. How long will they stay? Mr Khaka grins and gives no answer.

## Greek bank plan to ease crisis

By Karin Hope in Athens

National Bank of Greece, the country's biggest commercial bank, will offer to buy a majority stake in Macedonia's leading bank as part of a Greek effort to help maintain stability in the southern Balkans.

The worsening conflict in Kosovo, which has forced more than 120,000 Albanian refugees into Macedonia, has set off big cash withdrawals from banks in the former Yugoslav republic.

Nikos Karamouzis, NBG deputy governor, said a firm offer for state-controlled Stopanska Banka would be made "in a short space of time, as soon as we can get due diligence and legal work done".

If the sale goes through NBG would become the first western bank to start operating in Macedonia. The presence of a strong foreign bank would help speed the restructuring of Macedonia's troubled financial sector, a western official in Skopje said.

Macedonian depositors lost more than DM1.2bn (€614m, \$661m) in foreign currency savings held in Belgrade after the country declared independence in 1991. Confidence in the banking system

remains low, with most Macedonians keeping their savings in safe-deposit boxes or under the mattress.

Stopanska, with assets of about \$300m, is Macedonia's biggest bank. The government has been trying desperately to find a foreign strategic investor after the collapse last year of negotiations with Austria's Erste Bank.

Erste Bank withdrew from a planned \$20m deal by July 55 per cent of Stopanska in partnership with the European Bank for Reconstruction and Development and the International Finance Corporation, the private sector finance arm of the World Bank. It said the plan to invest in Stopanska had been made by GiroCredit, a predecessor institution.

Before the Kosovo crisis erupted, Boris Stojmenov, Macedonia's finance minister, asked Greece's three leading banks - NBG, Alpha Credit and EFG Eurobank - to consider buying a strategic stake in Stopanska. He received a non-committal answer from state-controlled NBG.

NBG already has branches in Albania, Bulgaria and Romania under a plan to develop a regional network in the Balkans.

Mr Vukasin Maras, Montenegro's interior minister, said this week. The 13,000-strong Yugoslav army in the republic would face a well armed police force of about 8,000 men loyal to Mr Djukanovic and his government.

The Yugoslav army has attempted to take control of Montenegro state television and radio, which has until now refused to toe the anti-western line of Serbian TV.

Mr Eichel, who struck a far less strident note on tax and economic policy than Oskar Lafontaine, his predecessor, said he hoped agreement on the savings tax issue could be reached by the planned deadline of the EU summit in Helsinki at the end of this year.

The ministers yesterday agreed to a debt moratorium for Albania and Macedonia, in recognition of the economic crisis caused by the Kosovo war in the two Balkan states. The proposed moratorium, agreed during a general discussion over the need to provide the region with aid, will be fleshed out in talks with the World Bank and International Monetary Fund.

Mr Eichel also said Europe's economic prospects were cloudier than at the start of the year.

## Yugoslav army is undermining us, say Montenegrins

By Matej Vipotnik in Skopje and agencies

Montenegro's pro-western leadership has accused the Yugoslav federal army of trying to undermine popular support for the government by deliberately provoking Nato bombing attacks on the tiny republic. On Thursday, Yugoslav guns engaged Nato aircraft, which returned fire by targeting several army sites in Montenegro.

Montenegro and Serbia together make up federal Yugoslavia.

President Milo Djukanovic yesterday accused both the west and Yugoslav President Slobodan Milosevic of committing gross blunders over Kosovo and repeated his call for an immediate end to fighting. Reuters reports from Podgorica.

Mr Djukanovic said that while the army had a right to defend the territory, it

should not needlessly spark Nato aggression. "[The army] bears responsibility for any unnecessary casualties or damage," he said.

Montenegro's democratically elected government could not defend itself against a coup mounted by the Yugoslav army, analysts said. Support for Montenegro's government has been on the wane since the beginning of Nato air strikes.

While Mr Djukanovic has

condemned Nato's attacks, he has also declared his republic's neutrality in the conflict, and rejected the declaration of state of war by the federal government.

Mr Djukanovic last week accused Slobodan Milosevic, Yugoslav president, of exploiting the state of war to manipulate the federal army into a coup against Montenegro's government.

Mr Milosevic recently appointed a loyal hardliner

to run the army in Montenegro. In the past two weeks, General Milorad Obradovic has challenged the authority of Montenegro's government by mobilising reservists and imposing martial law for those evading the draft.

In a move apparently aimed at undermining the resolve of the government, which has opposed the mobilisation of reservists, the federal army has been trying to draft Dragan Soc, the republic's justice minister, and other prominent figures. The army has also threatened to court martial Novak Kiliburda, the deputy prime minister, accused of criticising the army.

The Montenegrin government has warned that a coup attempt would not go unpunished. "If someone were to turn against us, even if that were the army, they should know that the police force is ready to defend Montenegro," Vukasin Maras, Montenegro's interior minister, said this week.

The 13,000-strong Yugoslav army in the republic would face a well armed police force of about 8,000 men loyal to Mr Djukanovic and his government.

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## Primakov comes under pressure

By John Thornhill and Charles Clover in Moscow

Yevgeny Primakov, Russia's prime minister, is coming under attack from across the political spectrum, raising doubts about whether the fragile balance of power he has established over the past seven months can hold.

After being laid low in recent days by a bad back, Mr Primakov tried to reassert his authority yesterday by threatening to sack members of his government who failed to implement effective policies.

But Mr Primakov himself appears to be losing the trust of President Boris Yeltsin and parliament. Even the leftwing parties, which have provided the bedrock of Mr Primakov's

support in the Duma, the lower house of parliament, have begun attacking the government for its weak response to Nato's air strikes against Yugoslavia.

Sergei Baburin, the Duma's left-wing vice-speaker, said his attitude towards the government had changed because it had done nothing to provide military support to Belgrade.

"I do not exclude that as a result of this a petition will be launched in the State Duma demanding the resignation of the government," he said in an interview.

Grigory Yavlinsky, leader of the Yabloko party, which first proposed Mr Primakov as a prime ministerial candidate last September, said the political resources of the current government had almost been exhausted

and criticised the lack of economic reforms. "He [Primakov] is probably not a communist and not a democrat but a Soviet bureaucrat of the highest standard," he said in an interview with the Komsomolskaya Pravda newspaper. "He is a political child of compromise of which Yeltsin was the father and the Communists were the mother."

Mr Yeltsin still appears to be relying on Mr Primakov to help deflect a parliamentary move to impeach him.

But after bouncing back into the political fray this week, Mr Yeltsin has been slyly cutting his prime minister down to size - fuelling speculation that Mr Primakov may quit.

The president's decision this week to appoint Victor

## Germany in EU tax plan

By Peter Norman in Dresden

Hans Eichel, Germany's new finance minister, yesterday signalled he would work for a compromise over European Union plans for a minimum tax on savings that would overcome British fears for the international bond market in London.

Speaking after EU economics and finance ministers completed a first round of talks at an informal weekend meeting in Dresden, Mr Eichel underlined that the EU would have to come to a unanimous accord if it were to adopt controversial proposals from the European Commission for a 20 per cent withholding tax on private investors' savings.

But he made clear that no solution could be agreed that jeopardised the "vital interests" of any of Germany's

EU partners and acknowledged that the present plans challenged vital interests in other member states.

This first public comment by Mr Eichel on the vexed issue of EU tax policy should offer some comfort to the City, London's financial district, which has warned that existing Commission plans could drive the \$3,000bn eurobond market out of London to countries such as Switzerland and the US.

Although Mario Monti, the EU tax commissioner, is seeking only to close tax loopholes exploited by individual investors rather than institutional investors, London bankers have claimed that legal complications and the increased costs and bureaucracy of the Commission proposals could kill off a business employing up to 100,000 people.

Mr Eichel also said Europe's economic prospects were cloudier than at the start of the year.

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مكتبة الامم

## Elections in Turkey come sprinkled with gold-dust

Ankara's mayor has given gifts of gold coins and kebabs in a bid to save his seat, writes Leyla Boulton

Showering the inhabitants of a gold mountain with gold coins sounds like the stuff of fairy tales. But it is precisely the sort of campaigning tactic which gives the Turkish elections tomorrow their at times surreal character.

Melih Gökçek, the Islamist who is fighting to save his seat as mayor of Ankara, the capital, is understood to have distributed the gold to residents of shanty towns such as Altındag - which literally means Gold Mountain. That was after he offered residents of Ankara's oldest slum a doner kebab lunch in nearby Altinpark, or Gold Park.

On the day the masses feasted on mayoral scraps of meat, Mr Gökçek's main secular challenger, Murat Karayalçın, a former foreign minister, was knocking on the doors of the inhabitants of Gold Mountain. For it was in a previous incarnation as mayor that Mr Karayalçın

supplied the same shanty town with sewerage.

Because material benefits are what poor voters remember in Turkey, the tall candidate, dressed in an elegant English tweed suit, was counting on the votes of those who might recall his contribution to their well-being.

As he pressed the flesh of the locals, Mr Karayalçın's campaign bus blared out his campaign song through the windows of their ramshackle houses. "Our leader is coming. Our leader is coming. Karayalçın and the lights are coming."

For in this uniquely motorised election campaign, such tours, explains an aide, are a vital means of reaching voters who neither read newspapers nor own television sets.

Thinking voters are more sceptical about the pre-election gifts, which are an Islamist party trademark. "They give free coal to buy

votes, but whose money are they throwing away? They are trying to bribe me with my own money," said Mehmet Ali Şahin, a building contractor who had to move to Altındag shanty town after his business went bust.

But even the middle classes focus on local action by politicians whose programmes are scarcely distinguishable at national level. So Mr Gökçek claims in his manifesto that apart from laying 8m tonnes of asphalt, he gave Ankara the highest fountain in Europe and 82 free performances of the Moscow State Circus.

Mr Karayalçın's somewhat broader vision ranges from expanding the metro, he began building as mayor to ending the city's practice of putting down stray dogs.

With the back page of his election manifesto covered in photos of his encounters with foreign leaders ranging from President Bill Clinton to the Prince of Wales, he

says he will give Ankara the credibility it needs to return to international capital markets. This route was closed after Mr Gökçek's administration defaulted on the bonds sold by Mr Karayalçın in Frankfurt and Tokyo to finance city projects.

But perhaps the most extraordinary aspect of this election has had less to do with gold coins than with the behaviour of Turkish political parties. Since the Islamist Welfare party shocked the Turkish secular establishment by sweeping the largest share of votes - 21 per cent - in the 1996 elections and grabbing the mayoralties of big cities the year before, secular politicians have failed to adjust their strategies in order to win back power.

While they say they are now better at listening to the grassroots - another Islamist forte - their divisions continue to make it

possible for Virtue, which replaced Welfare after it was closed down by the Constitutional Court two years ago, to triumph again as the largest party with just a fraction of the popular vote.

Mr Karayalçın argued in a recent interview that he had done all he could to prevent this from recurring in Ankara. Coming from the left of centre Republican People's party, he offered a deal to the candidate fielded by Turkey's other centre-left party, the Democratic Left of Bülent Ecevit, the caretaker prime minister.

He proposed that whoever looked weakest in opinion polls should stand down on the eve of the election. But the offer was refused.

With rare honesty for Turkish candidates, who usually say they will come first, Mr Karayalçın conceded that recent opinion polls have shown him lagging Mr Gökçek - albeit by "a few percentage points".



Melih Gökçek, mayor of Ankara: Europe's highest fountain

## Spanish plan to contain inflation

By David White in Madrid

The Spanish government tried to put the brakes on inflation yesterday by announcing a sweeping package of measures including cuts in the prices of electricity, gas and long-distance telephone calls.

The measures mainly hit sectors in the process of deregulation, where the government still has a say in setting prices.

They came after a spurt in consumer price inflation to 2.2 per cent year-on-year in March, up from 1.4 per cent three months earlier and more than twice the European Union average.

Rodrigo Rato, finance minister, said the government still stood by its 1.8 per cent inflation target for the year, although this would depend on oil prices. The measures agreed by the cabinet yesterday might cut 0.2-0.3 percentage points from the overall figure, he estimated.

The measures, including steps to foster competition, were designed to show inflation control remained a high priority alongside reduction of the budget deficit, Mr Rato said. They mostly involved accelerating processes already under way to liberalise the economy.

Electricity prices would be cut by 4 per cent instead of 2.5 per cent, and deregulation of the power sector would be speeded, he said. Formulas would be worked out to reduce gas prices by between 2 and 4 per cent, and long-distance telephone rates would be cut by between 10 and 20 per cent by the end of the year.

This two-stage reduction was broadly in line with predictions by the main telephone company, Telefonía, which has pressed for a compensatory rise in local rates.

The plan also brought cuts in motorway tolls, lower fixed margins for wholesalers in medical drugs and a reduction in notaries' fees for property transactions.

REFERENDUM JITTERS LOW TURNOUT COULD BLOCK BID TO BRING ABOUT MORE STABILITY

## Italy to vote on poll reform

By James Elitz in Rome

Millions of Italians tomorrow will have a rare opportunity to create a new era of political stability in Italy when a referendum is held on whether to abolish proportional representation.

After half a century in which Italy has had more than 50 governments, the poll is being hailed by political reformers as a make-or-break chance to move Italy towards a first-past-the-post electoral system of the kind that exists in the UK.

Italy's reformist politicians have been at pains to warn the public of the significance of the poll. Romano Prodi, president-designate of the European Commission, flew back to Rome to hold a news conference backing the change. Emma Bonino, one of Italy's acting EU commissioners, warned people not to abandon the poll "through

a sense of discouragement or resignation".

However, Mr Prodi and others fear that the huge media coverage of the war in Yugoslavia has dulled the appetite of Italians to drag themselves to polling booths - and that if the sun comes out, people will head for the beach instead.

The referendum will remove the remaining elements of PR in the system if more than 50 per cent of voters tick the "Yes" box on the ballot paper. But more than half of eligible voters must take part in the poll for it to be valid - and it was uncertain last night whether this quorum would be reached.

Under Italy's electoral law, some 75 per cent of seats to the chamber of deputies are elected on a first-past-the-post basis. The remaining 25 per cent are elected by PR.

The backers of tomorrow's referendum have argued

that many small parties, such as the Communists and the separatist Northern League, win seats in parliament because of the PR system. These small parties brought down the governments that won the 1994 and 1996 general elections.

Political reformers argue that creation of a stable political system is one of the biggest challenges Italy faces now that it has adopted the single European currency. Mr Prodi's 28-month-old government was the second longest in post-war history. The current one, led by Massimo D'Alema, relies for support on about 10 different parties.

Reformers hope that a strong "Yes" vote tomorrow will send another important signal to Rome's politicians - that parliament must elect next month a reform-minded and dynamic president of the republic when the current head of state, Oscar

Luigi Scalfaro, quits.

The head of state has significant powers to dissolve parliament and appoint prime ministers. But Italian politicians have a long tradition of choosing presidents who are compliant, centrist figures reluctant to drag the political establishment in reformist directions. A strong "Yes" vote could therefore push the presidency in the direction of independent and popular figures, such as Carlo Azeglio Ciampi, the Treasury minister, or perhaps even Ms Bonino herself.

The referendum has long been a tool of change in Italy. In 1991, Bettino Craxi, then premier, told voters to desert a Sunday referendum and enjoy themselves at the seaside. Angry, they turned up at the polls en masse. But if the sun comes out tomorrow, reformers fear the beach will win the day.

## Poser for French right as Séguin steps down

By Robert Graham in Paris

The leadership of France's largest rightwing opposition party, the Gaullist RPR, was thrown open yesterday following the surprise resignation of Philippe Séguin.

Mr Séguin's resignation also looked set to affect the alliances on the right in the June elections to the European parliament. The choice of the 55-year-old, with his lukewarm support for closer European Union integration to head an RPR-led alliance in these elections, had caused a serious split in an already divided right.

Yesterday RPR members insisted it was in the party's interest to resolve the leadership issue as quickly as possible. But political commentators pointed out that the new leader would suffer from problems similar to Mr Séguin's in asserting his

authority, so long as the party remained a vehicle for supporting President Jacques Chirac in his next presidential bid.

In a brief statement, Mr Séguin made it clear he was resigning because he felt undermined by the manoeuvres of President Chirac and his close associates. He singled out Bernard Pons, chairman of the informal Friends of Jacques Chirac group, for making overtures to the hardline Gaullists under the former interior minister Charles Pasqua, who had split away from the RPR over the European elections platform.

"I realise today I no longer enjoy the necessary environment of loyalty and transparency for my work and I draw the appropriate conclusions," he concluded.

The RPR was founded in 1976 by Mr Chirac as a reno-

vated Gaullist party which he exploited to promote his presidential ambitions. Once elected head of state in 1994, he transferred the leadership to his young premier, Alain Juppé. The latter resigned after the RPR's election fiasco in 1997 and the reins were handed to the more experienced but irascible Mr Séguin, who was formally re-elected for a three-year term in December 1998.

President Chirac imposed him as leader of the mainstream right's European list. But this led the pro-European UDF headed by François Bayrou, the centrist politician, to break away from the alliance and fight the elections alone.

Mr Séguin's resignation could now reopen talks between the RPR and the UDF, which are still bound by a loose parliamentary alliance.

CLOUD THE ISSUE

OR CLEAR THE AIR?



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## INTERNATIONAL

## Gates comes in for a slamming

By Gautam Malkani in Washington

A group of US college students yesterday proved that the "let's get Bill Gates" culture is not confined to certain corridors of the Justice Department.

In a congressional forum, the students gave a rather one-sided battering to the increasingly demonised founder and chief executive of Microsoft.

Jason Fizzle, a major in history at the University of Wisconsin-Madison, said the software giant "has tightened the noose around the university's neck" by changing the licensing terms of a contract up for renewal this month. "This time around Microsoft has upped the ante in their quest to dominate the provision of software on the campus," he added.

The world's largest software company is awaiting resumption of a landmark antitrust trial brought by the US Justice Department and 19 state attorneys-general. The title of yesterday's forum - held by members of the House Congressional Progressive Caucus - made it clear where this discussion, at least, was heading: "Microsoft on trial: How a monopoly hurts consumers".

Dennis Kucinich, a House Democrat, said a growing number of students and professors were being offered software products at cheap prices, in return for exclusivity for Microsoft's software. Mr Fizzle said the contract at Wisconsin-Madison, which provides software for on-campus computer labs for students and reduced-price software for faculty, "virtually locks in students, faculty and staff to use Microsoft products - for they are indeed cheaper and more convenient under this cozy relationship".

An e-mail from Microsoft presented to the panel explained how a contract which has let the University of Wisconsin get by with a small number of licences on a large number of machines will change in April so that licences will have to be bought for every machine using the software package.

Microsoft might not have wanted to attend such a hostile event, but was not invited anyway. However, Tom Pilla, a spokesman, said the company's contracts with academic institutions were not exclusive. "We have significant deals with them but they continue to rely on other software vendors too."

He also said the company was helping universities and students cope with the cost of technology. "Corel and Apple have deals with universities... this is not specific to Microsoft or computers."

The debate marked the first time such issues have been played out in a congressional setting and allowed congressmen to air their mostly hostile views.

However, Jay Inslee, also a House Democrat but not a member of the caucus, spoke in defence of the company, whose headquarters is in his constituency. He said the government's interference in software design would create an industry similar to the electronics industry in the former Soviet Union.

"The debate about the 'Microsoft Monopoly' clearly belongs in the realm of the Justice Department, and not our country's legislative branch."

## DONORS' MEETING RISK OF BREACHING POLICY AGREEMENT WITH IMF

## Nigeria asked to account for \$1bn

By Michael Holman, Africa Editor

Nigeria's outgoing military government has been asked to account for up to \$1bn of state funds or risk breaching its recent policy agreement with the International Monetary Fund.

Failure to satisfy the Fund could precipitate a deepening economic crisis that already confronts the incoming civilian government of president-elect Olusegun Obasanjo, which takes over on May 29.

An informal meeting of donors in Paris last week, chaired by the World Bank, was told by Ismaila Usman, Nigeria's finance minister, that external reserves had plunged from \$6.7bn at the

end of December 1998 to \$4bn at end of March.

The fall is partly explained by the government's attempt to shore up the overvalued currency, the naira, and to pay for Nigeria's peacekeeping efforts in Sierra Leone.

But donors suspect that reserves have also been used to meet the cost of continuing to operate the country's dual exchange rate system, supposed to have been abolished at the start of January as part of the IMF deal.

The dual rate allowed the government to buy dollars at a quarter of the market price, providing a cheap source of foreign exchange for senior military and government officials.

But in an address to donors, reported yesterday

by Africa Confidential, the London-based fortnightly newsletter, the Fund official made clear the government had not ended the system.

"Sales of foreign exchange at the official rate continued well into February, apparently on the basis of approvals granted in 1998, but on a large enough scale to question the meaning of abolition," he told donors.

Nigeria's "initial performance had been problematic," he said: "Performance benchmarks set for the end of February 1999, the programme's first test date, were missed, including the level of net foreign exchange reserves, and on privatisation."

The IMF is also seeking an explanation of "a significant

difference" between the estimated value of oil exports and official inflows. Transparency in the operations of the state-owned oil company was a second vital condition to the IMF deal.

The combination of dual exchange rate abuses and diversion of oil earnings may have cost the country \$1bn, donors estimate.

The Fund nevertheless believes that Nigeria can recover lost ground. "A number of corrective measures have been set in place," the fund official told donors. "If implemented, the programme could be brought substantially back on track by the end of May."

Negotiations for a medium-term programme could then begin in late June or

early July, he said. Agreement would pave the way for debt rescheduling and an IMF loan.

But Nigeria's performance has angered creditors including the Paris Club, which accounts for two thirds of the estimated \$29bn external debt that Nigeria's government is trying to reschedule or write off.

Nigeria appealed for assistance at the Paris meeting, saying that without external help, the budget deficit was expected to be 8.4 per cent of GDP in 1999.

"Huge financing gaps are likely to appear in the medium to long term," warned the finance minister.

"Estimated at \$1.9bn at end of March 1999 and projected to reach \$2.9bn annually."

## Mexican farmers stand by their rattling pick-ups

Henry Tricks on an attempt to crack down on a trade in trucks smuggled from the US

Pick-up trucks. They are as much a feature of Mexico's rural landscape as donkeys and cactus plants. You can usually hear them before you see them. Exhausts clattering along the rutted roads, no muffler, and engines coughing like tractors.

Their licence plates show they come from the US, and the makes are unmistakably American: Rams, Broncos and Silverados.

Unfortunately, according to Mexican authorities, many of them are also *chueco* - "bent", like their fenders, and they are in danger of being impounded.

The government has launched a crackdown on *chueco* vehicles illegally imported from the US, saying criminal gangs are selling stolen cars to unsuspecting Mexicans.

Mexican farmers have fought back, launching

nationwide protests this week in defence of one of the most emotive status symbols anywhere in rural North America: their trucks.

The battle is fuelled by the abundance of cheap, second-hand cars in the US that have become a threat to the car industry south of the border. Mexican farmers say they are unable to afford to buy trucks locally to haul their produce, so they smuggle them in from the US.

It also underscores the weakness of the rule of law in Mexico. Because they are poor, the farmers believe they have the right to flout the law to bring in affordable vehicles from the US. Tax authorities have been unable to stop the influx, so now they are seizing them on Mexico's streets.

According to the Mexican Association of Automobile Distributors, there are more than 1.6m illegal cars and trucks in Mexico, more than double the 640,000 new vehicles sold legally by distributors last year. It estimates the tax and foreign exchange loss to the country at about 16bn pesos (\$1.7bn).

This week, members of the



A Texas licence plate adorns a donkey during a protest against the crackdown on smuggled trucks AP

Peasant Democratic Union drove hundreds of them into the centre of Mexico City, blocking streets and picketing tax and trade ministry offices to demand that the government legalise their property and return those vehicles it has impounded.

"This is my patrimony," said Cirio de Lucio Salinas, at the wheel of a 1980s van he bought two years ago to take vegetables to market. The only Mexican aspect of it was a gaudy crucifix dangling from the rear-view mirror. "I earned this by the sweat of my brow."

In a country where rural wages are often less than \$3

a day, the government is painfully aware of the political consequences of stripping peasants of hard-earned vehicles.

Hermínio Blanco, the trade minister, sought to cushion the fallout by saying that most of the cars were introduced by criminals, not farmers, and that the trade was putting in jeopardy the livelihoods of 400,000 families who depend on the domestic motor industry.

"The position of the federal government is very clear. We will not regularise illegal vehicles."

Opposition lawmakers and local governments in rural

states have rallied behind the farmers, however, and many suspect the government will eventually cave in because of political pressures before presidential elections next year.

Regularisation could not come soon enough for Jorge Garrardo, a 37-year-old who spent \$7,000 on a sleek Ford Mustang last year, and drove it down from Georgia to impress his family, only to have it impounded by Mexican tax authorities days later.

"It's a beauty," he said, "and I worked three years for it. I'm not going anywhere until I get it back."

## Lebanon seeks help as Israel occupies village

By James Schofield in Yehmor, south Lebanon

Lebanon yesterday appealed to France, the US, Syria and the United Nations to intercede over Israel's occupation of a village in south Lebanon.

It said it would make an official complaint to the UN after the occupation that took place on Thursday night when Israeli troops moved into the village of Arnoun, erecting barbed wire and urban barricades and effectively including it in Israel's south Lebanon occupation zone.

A journalist outside the barbed wire was taken to hospital after being hit by a plastic bullet.

Two lines of metre-high barbed wire, with the earth ploughed up between them, stretched around the village and up the hillside to Crusader-era Beaufort Castle, the Israeli position, which dominates the village and surrounding ridges.

At dawn yesterday the soldiers removed a road block on the road to the village set up the night before and released 19 civilians detained as they were driving to the nearby village of Yehmor.

Moshe Arens, the Israeli defence minister, confirmed that Israeli troops had entered the village but he dismissed charges by the Lebanese government that Israel had "invaded" the village. "We can't be occupying because Arnoun is on our side of the security zone," he said on Israeli army radio.

His assertion appeared to contravene UN Security Council Resolution 435, calling on Israel to leave all Lebanese territory without delay and the fact that until Thursday night a blue barrier on the south-east outskirts of Arnoun marked the limit of Israeli occupation.

Israeli soldiers first occupied Arnoun in mid-February but Lebanese civilians tore down the barbed wire and earthen barricades.

Israel said then that Arnoun was being used as a base by Hizbollah, the resistance movement. After an Israeli soldier was killed by a Hizbollah ambush on Monday night close to Beaufort Castle, Lebanon refused Israel's demand to garrison the village.

Villagers in Yehmor said militiamen from the South Lebanon Army, Israel's militia allies, had confiscated cellular telephones from people passing the Israeli road block.

Early yesterday, Israel's militia allies fired plastic bullets in the air to disperse a group of journalists standing outside the barbed wire. Kassem Dargam, a cameraman with the United Arab Emirates' Abu Dhabi television, was hit.

An army spokesman expressed the fear that even rougher treatment would be meted out if Lebanese civilians again attempted to remove the barricades themselves.

## Bad loans soar in Shenzhen

By James Harding in Shanghai

Problem loans have risen sharply this year in China's southern border town of Shenzhen, a city at the vanguard of the country's transition to freer markets.

A central bank report, published yesterday in a local newspaper, said overdue loans rose by Rmb22bn (\$2.7bn) in the first three months of this year, an increase of just over 22 per cent since the end of December. Bad - or irrecoverable - debts rose by 1.5 per cent, the report in the local Financial Morning Post said.

The rise in unpaid loans in Shenzhen, which has boomed in the 1990s on the expansion of private enterprise, underlines the increasingly tough business conditions and continuing strains in China's real economy.

The Shenzhen banking figures showed an unusual rise in deposits in the first three months of the year - consumption tends to rise

around the Chinese new year holidays - suggesting a cautious mood among Chinese consumers. The report published yesterday on the Shenzhen banks, and attributed to the local branch of the central bank, is unusual for the People's Bank of China, which has tended to offer only the minimum of detail on the bad loan problem in the financial sector.

But the report should be seen in context, offering a glimpse of the situation in only one small Chinese city. The situation in the rest of the banking sector remains unclear. Elsewhere in the country, a few banks have been improving their balance sheets.

The huge state spending programme has lifted regional pockets of the Chinese economy, while at some financial institutions greater commercial discipline and tougher enforcement of outstanding debts has helped cut - or, at least, hold steady - the level of bad debt.



Jayalalitha: controversial career

president in the past few days.

If the BJP survives, however, the headache for the surviving coalition will be that its even thinner parliamentary majority will mean even smaller political allies than Ms Jayalalitha can also threaten to bring down the government. Many of these allies, too, have a shopping list of demands.

## BJP survival would upset ex-film star

By Mark Nicholson in New Delhi

Late yesterday it looked possible that India's wobbly Bharatiya Janata party-led coalition might just survive today's confidence vote. Two small parties, with 10 MPs between them, which had wavered in their support for the multi-party coalition said they would side with the BJP, suggesting the government might just tip a majority in the 543-seat house.

This would be a big disappointment for Jayaram Jayalalitha, the former Tamil movie starlet turned politician whose piqued withdrawal of her 18-member AIADMK party from the coalition earlier this week precipitated India's latest political crisis. For a number of reasons - not all of them entirely clear - Ms Jayalalitha has staked her controversial political career on toppling the coalition she

helped form after last year's indecisive elections.

Ms Jayalalitha has consistently been the most awkward and demanding of a crew of awkward, demanding allies in the BJP's coalition. As with the leaders of many other of the small parties in the government, her agenda has been almost entirely focused on securing the highest possible political benefit for herself and her standing in her home state.

"She is a woman of indeterminate politics with a one-point programme of serving herself," wrote Outlook magazine.

Within a week of the poll results last year, Ms Jayalalitha was issuing demands and ultimatums, and has scarcely ceased since. So much so that dealing with the round, steely and temperamental former star of 139 Tamil movies dominated the largely male BJP leader-

ship in their first shaky months of governance.

"Maybe we just don't know how to deal with women," one veteran leader sighed resignedly at the time.

Her agenda has included demands that the BJP sack the state government of Tamil Nadu, led by the rival DMK party, that it pursue corruption inquiries against its leadership, that her party be given more ministerial berths, that Tamil Nadu be given a raft of special concessions for which she could take credit and, privately, that the government do all in its power to curtail serious corruption cases against her.

Ms Jayalalitha was arrested on these charges in 1996; her assets confiscated included a 10,000-strong sari collection, 19 cars, 386 pairs of shoes and 44 air conditioners.

Ms Jayalalitha has fought

these charges with the considerable determination which has marked her political career. She entered politics in the late 1980s, then in her late 30s, after the death of M.G. Ramachandran, one of Tamil Nadu's greatest movie icons, whose mistress she was.

In the early 1990s she became chief minister, winning a reputation for ruthlessness, but also drawing big foreign investors into the state - including Ford. She also launched a series of progressive healthcare and social welfare schemes. She has won international awards for her work for women.

But her liking for the grandiose was renowned. Among many giant cutouts of her ample figure which graced the streets of Madras during her tenure as chief minister was one which towered perhaps 100 feet high

## NEWS DIGEST

## EASTERN CITIES SEE DEMONSTRATIONS

## Algiers police block protests over election

Algerian riot police blocked all access to a main square in Algiers yesterday to prevent protests against Thursday's presidential elections, but thousands demonstrated in two cities in eastern Algeria.

The election, which had turned into a one-candidate poll after the withdrawal of six of his rivals, led to the inevitable victory of Abdelaziz Bouteflika, the former foreign minister seen as the regime's candidate.

Reuters reported that thousands of demonstrators marched in Tizi Ouzou and Bejaia in eastern Algeria. The Socialist Forces Front (FFS), whose leader Hocine Ait Ahmed was one of the six to pull out, said police had beaten up some protesters who made it through to the square and had arrested 41 people.

The opposition party said candidates who had withdrawn and called for the demonstrations had decided to delay the protests and make a legal request for permission in an effort to prevent confrontation with security forces. The government said yesterday Mr Bouteflika had won 74 per cent of the vote. All seven names were on the ballot and the rest went to other candidates, according to the government. Opposition leaders contested the turnout figure of more than 80 per cent advanced by the authorities. The FFS said no more than 24 per cent of Algerians had voted. Roulia Khalef, London

Man in the News, Page 7

## EU ANTI-TRUST MOVE

## Renault HQ raided

European Commission inspectors have raided the French headquarters of Renault, the car maker, for allegedly tailing its Irish distributor not to sell cars to British residents, the Commission said yesterday. The raids were part of a push by the EU anti-trust watchdog to clamp down on car companies that are attempting to stop people shopping around the single market for the cheapest cars.

The news comes just days after the Commission announced it had opened a formal case against DaimlerChrysler, the US-German car maker, for breaking EU competition rules. Last year Volkswagen, the German car maker was fined for telling its Italian dealers not to sell to people from outside Italy.

New car prices are higher in the UK than any other EU country and British residents are increasingly going abroad to buy new models. Emma Tucker, Brussels

## ECONOMIC ACTIVITY

## Mixed US output picture

Output at US factories, mines and utilities posted a slight overall increase in March as production at car plants fell. Construction of new homes and apartments was down as well, falling for the second straight month.

The Federal Reserve said yesterday industrial output was up 0.1 per cent in March, with the strength coming from a big jump in energy production at utility plants. The advance was far below a 0.3 per cent advance in February and reflected declines in output of cars and appliances.

Overall, manufacturing output was unchanged from the February level while production in the mining sector, which includes oil production, was down 0.7 per cent.

In a separate report, the Commerce Department said housing construction fell 1.3 per cent in March, dipping to a seasonally adjusted annual rate of 1.77m units. Housing starts had fallen 1.6 per cent in February after a 12-year high of 1.82m units in January.

Taken together, the reports on industrial activity and housing reflected an economy still operating in surprisingly robust fashion, given that the current expansion is the longest in peacetime history. AP, Washington

## TENSIONS WITH JORDAN

## Israel declares a drought

Israel has officially declared 1999 a year of drought, while neighbouring Jordan has estimated that this season's rainfall will be about 40 per cent of the normal average, leading to a loss of grain production by 80 per cent and loss of pasture areas by 90 per cent.

The drought coincides with attempts by Ariel Sharon, Israeli foreign minister, to seek international financing for three desalination plants in Israel, Jordan and the Palestinian-controlled Gaza Strip.

The drought has already led to tensions between Israel and Jordan. Jordan has insisted that Israel continue to abide by its 1994 peace treaty, in which it agreed to transfer a certain amount of water each year to Jordan, although Israel last month said it would be difficult to meet such a commitment.

Israel's farm lobby is demanding compensation for farmers, who enjoy a heavily subsidised price for water. They have had to cut their fresh water quotas by 40 per cent, leading to water savings of 200m cubic metres. In Jordan, the total loss from the decline in agricultural production is estimated at \$190m. Judy Dempsey, Jerusalem

## FINNISH SUBSCRIPTIONS

## Mobile phone use rises

Finland, the country boasting the world's highest mobile phone penetration, has seen a sharp increase in subscriptions in the past six months - lifting total usage to 60 per cent of the population.

Last summer, mobile phone subscription in Finland broke through 50 per cent of the population. In December, the number of mobile subscribers overtook fixed line connections for the first time. Of a total population of 5.13m, 3.1m Finns now have mobile phones.

Officials at the ministry of communications attributed the high penetration to low call charges, the local marketing presence of Nokia, one of the world's three largest mobile handset and systems manufacturers, and a ban on gross subsidies between subscriptions and the sale of telecom equipment.

After Finland, Sweden and Norway have seen the sharpest growth in mobile phone use with penetration of 53 and 49 per cent of their populations. Tim Burt, Stockholm

## MACAO CHIEF EXECUTIVE

## Ho throws his hat in the ring

Edmund Ho, the 44-year-old banker widely tipped to become the first chief executive of Macao, yesterday submitted his candidacy to lead the Portuguese enclave after it reverts to Chinese rule on December 20.

Mr Ho is a member of several mainland bodies, and has also been active in Macao politics, serving as vice president of the Legislative Assembly for the past 11 years. His combination of strong connections in Beijing, political experience and international outlook have won him wide-ranging support.

However, to win the race he need only win a small number of votes: the Beijing-appointed Macao selection committee comprises 200 members who span the business, labour and community sectors. The selection will take place on May 15. Louise Lucas, Hong Kong



PEACE AGREEMENT GOVERNMENT OFFICIALS INSIST IRA HANDOVER MUST BE PART OF ANY BREAKTHROUGH

# Ireland arms talks reach critical phase

John Murray Brown in Dublin

The Northern Ireland talks process enters a critical phase on Monday when the parties meet in London in a bid to find a way round the impasse over terrorist arms.

British and Irish officials insist some form of arms handover by the Irish Republican Army will remain part of any solution, despite the insistence of Sinn Féin, its political wing, that it will not accept any precondition to its place in the region's power-sharing government.

Mo Mowlam, chief minister for Northern Ireland in the UK government, was yesterday uncharacteristically downbeat in her assessment of this week's talks.

But she faces an awkward judgment call - whether to put the process on hold until the autumn or try for one last push.

Both options carry considerable risk. To put pressure on the parties could encourage further intransigence. On the other hand, to "park" the process through the summer parades season

could give the initiative to dissidents on both sides. This could make it even more difficult for the pro-agreement parties to get round the table.

The point of dispute remains the same: David Trimble's Ulster Unionists, the biggest pro-British party in Northern Ireland, will not sit in government with Sinn Féin while the IRA refuses to give up their arms.

The joint declaration of two weeks ago was killed by Tony Blair, the UK prime minister, as "a basis for

agreement". Sinn Féin members were to become ministers after the IRA had put some arms "beyond use".

The document is no longer formally on the table, largely in deference to Sinn Féin's vociferous objections. But it seems likely that if there is a breakthrough it will include many of the declaration's core elements.

"Whether or not it requires a tortuous new form of words, the two governments can't practically move very far from the position of the declaration," says

Henry Patterson, politics professor at the University of Ulster.

The importance of the declaration for the Ulster Unionists is that for the first time the Irish government made clear that decommissioning had to happen.

One optimistic reading of the negotiations is that Gerry Adams, the Sinn Féin president, and Martin McGuinness, its chief negotiator, were "sorely tempted" to offer some form of gesture to break the logjam, but the IRA opposed such a move.

A formal break in the talks will be particularly difficult for Mr Trimble. Ian Paisley, leader of the hard-line Democratic Unionists, is certain to turn the European parliament elections on June 11 into a referendum of the entire agreement and thus a direct challenge to Mr Trimble's claims to lead unionism.

The stand-off at Drumcree, where the Protestant Orange Order is demanding to march through a Catholic housing estate, is already inflaming tensions.

## Flicker of hope as US lifts threat to UK candle industry

Sheila Jones reports on a 'lifestyle' product that was put at risk in the trade row over bananas

Britain's candle makers breathed a huge sigh of relief this week after the US dropped candles from its list of trade sanctions against the European Union in the row over bananas.

Hundreds of jobs in candle factories from London to the Isle of Arran in Scotland were thought to be at risk from the threat of retaliatory tariffs. The banana war is not over yet. Other products such as biscuits, handbags and bath preparations still face punitive duties. But in the candle industry, the gloom has lifted.

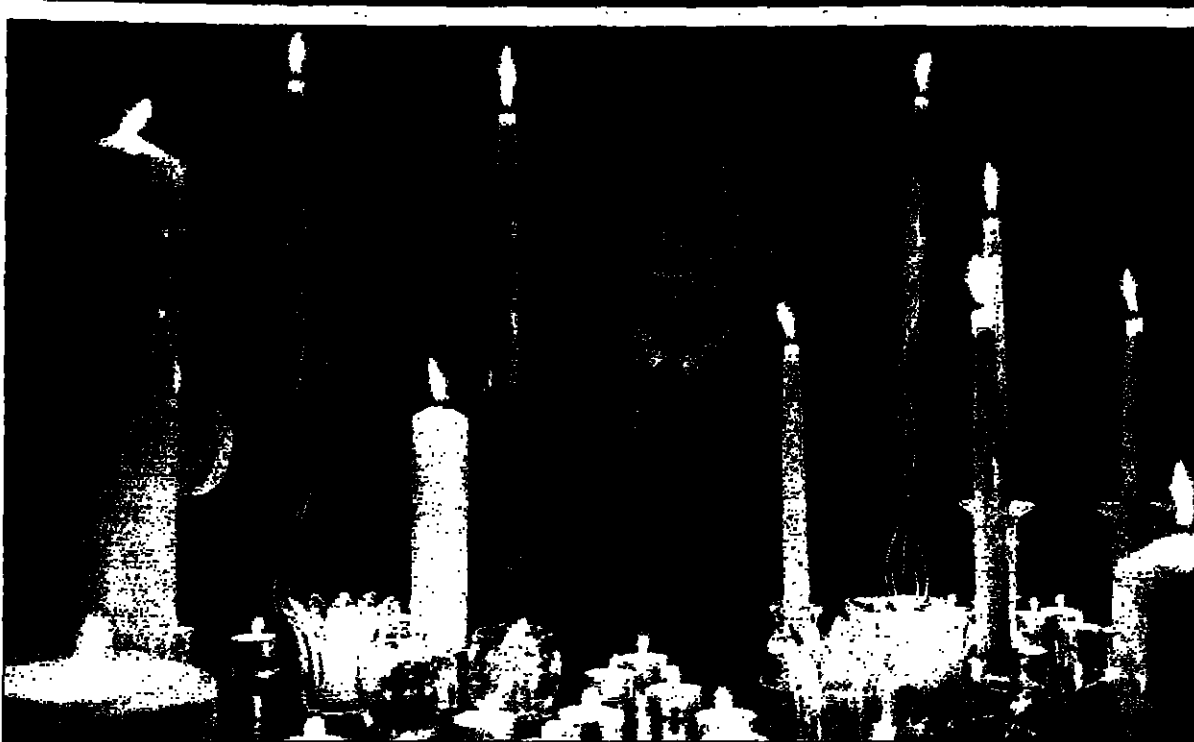
"It could have been catastrophic," says Alan Williams, the managing director of Colony, a company based in Cumbria, north-west England, that employs about 600 people.

"We're exporting about \$2m (\$4.5m) worth of candles to the US this year. It is a very important market for us."

It is only in the past 10 to 15 years that the industry has enjoyed a revival. Candles have become a "lifestyle product like aromatherapy", according to Mr Williams. Today the industry employs about 2,000 people and sales are growing. But the past few years have been hard.

"We have had to contend with a strong pound and financial crises that have hit some of our biggest markets in Asia and Latin America," says Louise Pope, Colony's exports manager. "The bananas row was the last straw."

Michael Keene, president



Glow of success: Alan Williams, managing director of Colony, which will export about \$4.5m in candles to the US this year

Bob Collier

of the British Candle Makers' Federation, describes the trade row as "a typical politicians' middle" that dragged in an innocent industry. "At least one company in the UK was threatened with closure," he says.

Producers were braced for lost sales when shipments to the US were halted on March 3. "The big worry was that buyers would go elsewhere if

any, which makes scented candles and gifts, and Price's, the market leader in domestic candles. They sell primarily to the large supermarkets and department stores.

The rest are produced by hundreds of independent craftsmen and a few smaller companies such as Arran Aromatics and Shearers in Scotland, and Ethos of Wil-

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## 'We have had to contend with a strong pound and financial crises that have hit some of our biggest markets'

the trade row ran on," says Ian Barnett, managing director of Shearers in Glasgow.

"It would have been a big blow. A third of our turnover goes to the US. We were lucky we did not lose customers."

The UK industry is expected to produce more than \$50m worth of candles this year. About 15 to 20 per cent of output is exported, mainly to the US, Japan and mainland Europe.

The industry is dominated by a handful of medium-sized companies such as Col-

ony, which makes scented candles and gifts, and Price's, the market leader in domestic candles. They sell primarily to the large supermarkets and department stores.

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## Media chiefs in drive for sales to China

By George Parker and Cathy Newman in London

Chris Smith, the UK's chief minister for culture, is to lead a delegation of British media executives to Beijing later this month in a drive to break into the lucrative Chinese market.

Mr Smith believes the BBC and other UK television and film companies could emulate attempts by Rupert Murdoch, head of News Corporation, to secure a foothold in the region.

The delegation includes Rupert Gavin, chief executive of BBC Worldwide, the BBC's commercial arm; Charles Allen, chief executive of Granada Group, which owns some of the UK's leading commercial television franchises; Malcolm Miller, chief executive of Pace Micro Technology, a satellite equipment manufacturer; and David Elstein, chief executive of Channel 5 and chairman of the British Screen Advisory Council.

Mr Elstein said he was taking part in a "fact-finding and goodwill mission" with the aim of making the Chinese "more aware of the British creative industries". The trip will focus on increasing television programme sales and the possibility of signing joint distribution deals.

Mr Smith's one-week visit - which coincides with the start of a Royal Ballet season in Beijing - is also aimed at persuading China to crack down on pirate compact discs, tapes and videos.

He believes the counterfeiting industry is costing western media companies and artists hundreds of millions of dollars a year.

According to Screen International magazine, China has one of the highest levels of video piracy. The magazine said 90 per cent of Chinese videos were pirated.

The Department of Culture, Media and Sport estimates that Hong Kong produces 100 pirate CDs a year, up from 60m a year before the territory's handover to China.

Mr Smith, who flies to China on April 26, will tell the Chinese he believes a crackdown on the counterfeit goods industry will hasten China's entry to the World Trade Organisation.

The US has already made representations to Beijing on the issue. Although China is believed to be one of the biggest sources of pirated goods, piracy is also flourishing in eastern Europe and elsewhere.

## NEWS DIGEST

### POLITICS

## Young Conservative party membership 'plummets'

Embarrassed Conservative chiefs have been forced to hold their annual youth conference in secret at the opposition party's headquarters in London, amid signs that its drive to attract 150,000 new young members has flopped. Conservative Future, launched last year with great fanfare, is said by party insiders to have slumped to as few as 2,000 members. Party leaders are also said to fear the group's rightwing leaders could cause embarrassment if their views were given a platform.

Today's one-day CF conference was due to take place in York, in north-east England. It then switched to Swindon in the south-west before being moved to London. It has been spurned by most senior Conservatives, including William Hague, the party leader. "The membership has plummeted and the leadership has fallen out with Central Office," said one CF member. The shambles is actually worrying Mr Hague, who pledged to double the party's membership of around 300,000 by the next national election. He also vowed that half of the new members would be younger than him; he was 36 at the time. George Parker, London

### INSURANCE

## Former underwriter jailed

A former aviation underwriter was jailed for seven years yesterday for defrauding clients out of £788,000 (\$1.26m). Martin Garvey, of Tadworth in south-east England, a former employee of Axa Global Risks, was convicted on two counts of conspiracy to defraud. He obtained the money from Launi Insurance Services UK, Axa and First City Insurance Brokers through re-insuring aviation risks and siphoned it into his own bank account. Risks were covered by overcharging clients - a scam known in the insurance industry as "grossing-up". John Mason, London

### LIFE ASSURANCE

## United to shed 1,000 jobs

United Assurance is shedding up to 1,000 jobs as part of a radical restructuring of its salesforce. The move follows its decision to stop selling policies for cash collection at customers' doorsteps from May 1, which will end a tradition stretching back to Victorian times. The withdrawal continues a trend among companies serving low-income customers, all of which have increasingly found it uneconomic to collect modest sums of just £10 (\$16) or £20 a month. Prudential, Pearl Assurance, Wesleyan, and - most recently - Royal Liver have all announced plans to withdraw from the cash-collection market. Instead, they encourage their customers to pay their premiums by direct debit from their bank accounts. Alan Frost, United chief executive, said nearly one in three of the group's 3,300-strong salesforce could lose their jobs. United has been under pressure to improve its performance after a disastrous merger in 1996 between United Friendly and Refuge Assurance. Sales fell 9 per cent last year and by 26 per cent in 1997. Christopher Brown-Humes, London

### EDUCATION

## Graduates 'deeper in debt'

British graduates are another year older and deeper in debt, but the gains from a degree remain significant, Barclays bank's fifth annual graduate survey shows. Graduates' borrowing to finance their education has increased by 103 per cent since 1994, a figure likely soon to rise more sharply. From September students have had to pay tuition fees and the whole of the maintenance grant has been replaced by state-backed loans. Graduates now owe a total of £814m (\$1.3bn). But since 1984, graduate salaries have increased 17 per cent and improvements in the graduate labour market mean their jobs outlook is positive.

The survey found the number of students owing money on graduation increased by only 4 per cent between 1994 and 1998. But the gradual reduction in student grants in recent years meant the amount they borrowed had increased. Eighty-five per cent of new graduates now have some debt, averaging almost £4,500. Just under 80 per cent owed the student loan company an average of £2,865. Just under 60 per cent owed their bank an average of £1,112. Nicholas Timmins, London

### SCOTTISH ELECTIONS

## Dissent in Labour ranks

The Scottish Labour party suffered further embarrassment yesterday over its use of the private finance initiative - a government plan to attract private sector cash to public infrastructure projects - in Scotland when a senior party figure said the policy could undermine support among party activists in its Scottish parliament election campaign.

Bob Thomson, the party treasurer, said trade unions backed an alternative scheme for financing large projects put forward by the Scottish National party. Mr Thomson's remarks followed the resignation from the Labour party this week of Mark Irvine, a senior official of Union, the public service union. Mr Irvine said he could no longer defend the use of PFI to fund new hospitals and schools. PFI is being used by the government to finance three new hospitals in Scotland. James Buxton, Edinburgh

MARINE DISASTER REPORT BLAMES BAD WEATHER AND FINDS NO EVIDENCE TO BACK CLAIMS OF SPYING LINKS

## Inquiry reopened into 1974 Gaul sinking

By David Wighton, Political Correspondent

An investigation into the loss of the Gaul, a trawler based in Hull on England's north-east coast which sank with all 36 crew in 1974, is to be reopened, John Prescott, the deputy prime minister announced yesterday.

The move follows the publication of an official report into the sinking that blamed the disaster on bad weather.

The report found no evidence to support rumours that the tragedy was linked to the Gaul being involved in spying on Soviet ships.

Relatives of the victims have always maintained there was a cover-up, and the apparent lack of effort by the authorities to find the wreck fuelled the speculation. There were even rumours the boat had not sunk but had been captured by the Soviets.

But Rear Admiral John Lang, chief inspector of marine accidents, who presented the report, said he had asked relatives about espionage and no one had come forward with any evidence.

Underwater pictures taken of the wreck last summer showed no signs of a fire, explosion or collision, and the investigators concluded that the ship had been overwhelmed by huge waves.

The investigators found no human remains on the wreck.

But the Russian authorities have agreed to search for the graves of three men who were washed ashore on the northern Russian coastline shortly after the sinking and then buried. The plan is to exhume the bodies and carry out DNA tests to establish whether they were members of the Gaul crew. Alan Johnson, Labour MP

for Hull West, said the report's findings would provide comfort to the relatives of the victims. However, he said it still needed to be established why no search was made for the trawler when it went down.

"Over the years, it seemed like fishing tragedies don't matter. When a plane or train crashes huge investigations follow but that hasn't been the case traditionally with the fishing industry."

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## FINANCIAL TIMES

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Saturday April 17 1999

## The submerged re-emerge

When developing countries were overtaken by the debt crisis of the early 1980s it took the best part of a decade before the international capital markets were ready to extend them a fresh welcome. In the 1990s events appear to be moving faster.

Over the past week, Asian equity markets have been hitting new highs. Brazil is preparing to tap the international bond markets for \$200 or more. Even Russian dollar-denominated bonds have been soaring as investors have become more optimistic about the country's ability to service its debts. The risks posed to the global economy by the crisis that started in Thailand in July 1997 thus appear to be waning by the week.

That is not to underplay the damage done to the emerging market economies by extraordinarily volatile inflows and outflows of capital. US investors alone reduced their portfolio outflows to the rest of the world between 1997 and 1998 from \$88bn to \$11bn - an indication of how dramatically risk aversion overtook the global markets.

The outcome for many countries, with notable exceptions such as India and China, was a fierce deflation and a balance of payments adjustment process that was both involuntary and savage.

If the victims of these fickle capital flows are now re-establishing credibility with the markets, that is all to the good. Yet the growing prospect of economic recovery has not been purely a matter of self-help. The role of the International Monetary Fund remains controversial, but few would deny that the US Federal Reserve made substantial amendments for the damage wrought by those who led the charge into the emerging markets and out again.

With his timely cuts in interest rates Fed chairman Alan Greenspan once again showed a deft touch in crisis management. The Fed's brokering of a rescue for the Long-Term Capital Management hedge fund last August may also have headed off a systemic threat to the global financial system.

### Robust demand

The consequence is that continuing robust demand in the US has allowed the troubled economies of the developing world to begin to export their way out of trouble. Nor is there much sign, despite declining optimism among economic forecasters about growth, that the US economy will slow down this year.

The causes of the crisis were

many and various. The adoption of unsustainable exchange rate pegs ranks high on the list. So, too, does over-investment, and the creation of surplus manufacturing capacity all across Asia.

Yet in a smaller way Western investors contributed to the damage by adopting a surprisingly naive approach to emerging markets. Their enthusiasm for the high growth rates obtainable in the developing world was understandable enough. But it was also driven by a very theoretical approach to portfolio diversification.

### Hugely disruptive

As events demonstrated after Russia's default last summer, markets tend increasingly to move in sync when things are going badly. And the more people diversify their portfolios overseas, the less diversification these outflows deliver. The strategy is inherently self-defeating when it ceases to be a strictly minority pursuit. It is also hugely disruptive when large US pension funds collectively pump money into economies worth a quarter of the market capitalisation of Microsoft.

Moreover, the investment textbooks tend to discuss diversification entirely in jargon about statistical correlations across global capital markets. The political context is widely ignored by the academics.

Government intervention in Asian markets last year, together with the introduction of capital controls, showed the dangers of this narrow perspective. The idea that Asians would meekly help the West meet its burgeoning pension liabilities while putting up with violent swings in capital flows was unrealistic from the outset.

Nor was Western capital sufficiently sensitive to the differences in corporate governance across the emerging markets. Equity capital, which was anyway in short supply in those economies which relied on "insider" and sometimes corrupt systems of governance, confers very different rights in different markets around the world.

The growing optimism of recent weeks suggests that Western investors are beginning to recover their belief in emerging markets. Submerged economies are beginning to re-emerge. But as the flow of capital resumes, it is important that investors are more discriminating in terms of both politics and governance. The faults in the emerging markets crisis were not confined to the countries that imported the capital.

## COMMENT &amp; ANALYSIS

# The war intensifies

Both in Kosovo itself and on the world's airwaves, the Yugoslav conflict sharpened this week. Nato will now need to fight and win on both fronts, says **Alexander Nicoll**

This was a week in which the war in Yugoslavia moved into a new phase of civilian slaughter. Horrific scenes played over and over again on the world's television screens. Belgrade experienced its heaviest air raids in Nato's three-and-a-half-week air offensive against Slobodan Milosevic, the Yugoslav president.

And it was not only the military encounter which was taking a step upwards in intensity. The propaganda war - likely to be just as important in determining the eventual outcome of the conflict - moved from ritual tongue-lashing to close engagement.

For the first three weeks of the conflict, political support for the Nato attacks strengthened in most allied countries as a result of the violent expulsion of 1.3m Kosovar Albanians from their homes and the consequent televised despair of the refugees.

So for the Serb authorities responsible for that expulsion, the two acknowledged mistakes by Nato pilots this week were a godsend.

Until then, Nato had appeared to be successful in its efforts to pinpoint military targets and - enforced by strict rules of engagement - to avoid "collateral damage".

On Monday, however, a Nato pilot attacked a railway bridge said to be part of a military supply route in Serbia, and saw too late that a passenger train was on it. Because he had not completed his mission, he dispatched a second bomb at another span, but hit the train again. At least 10 people were killed.

On Wednesday, Serb officials escorted western photographers to the road between Djakovica and Prizren, close to Kosovo's border with Albania. Nato appeared to have bombed precisely the people it was trying to help: a column of fleeing refugees with their tractors. A fair-haired boy wept hopelessly.

The pictures shook, but did not fundamentally alter western public support for the war. General Wesley Clark, Nato's supreme commander, published the cockpit video of the bridge bombing: his frankness helped blunt the impact of the incident.

Matters were less clear cut with the attack on the refugees near Djakovica. Following the deaths, Nato played a tape-recording of a US F-16 pilot's account of what, he believed, was an attack on Serb forces responsible for torching the burning homes he could see. He hit a vehicle, which Nato now believes to have been a tractor. But this was not at the site shown to foreign reporters. What happened there remains obscured by the confusion of war.

It is clear that the television pictures offer only a glimpse of what has been happening in Kosovo. That too have taken the edge off the Serbs' accusations against Nato. According to refugees, unburied corpses litter



the Serbian province. General Sir Charles Guthrie, UK chief of defence staff, yesterday quoted one account: "Everywhere you move in Drenica, all you can see is bodies."

So horrendous is Mr Milosevic's ethnic cleansing that - apparently in spite of this week's events - support for Nato's action has remained widespread. The question is whether the West can keep it that way.

The Nato leaders are seeking to prepare their publics for more disturbing scenes, uncomfortably aware that the campaign against Mr Milosevic is likely to be a long one. The war of attrition will be fought on two fronts: against Mr Milosevic's military machine, while keeping public backing so his propaganda machine does not gain the upper hand.

The biggest question the western alliance faces at present, coming especially from Republicans in the US such as Senator John McCain, a presidential contender, is: "Why fight a war of attrition at all?"

According to a swelling drumbeat of opinion, a ground invasion force should have been assembled because a campaign fought solely from the air could never succeed in stopping 40,000 troops bent on ethnic violence. Publicly discarding the option of ground forces had, according to this argument, allowed Mr Milosevic to go ahead with his eviction. Nato lost the battle before it began.

William Cohen, US defence secretary, and Gen Henry Shelton,

chairman of the joint chiefs of staff, produced a finely honed response in testimony on Thursday to the Senate Armed Services Committee.

Their message was that they were stuck with the air campaign. Implying the Pentagon would have planned it differently if it was solely up to them, they said there was no consensus for a ground invasion among Nato members. Any move towards ground forces would fracture the alliance and destroy the whole operation. Gen Clark had, in fact, been specifically ordered not to

**'Now, everywhere you move in Drenica, all you can see is the bodies'**

put such plans in motion.

However, the air campaign is being fought in keeping with recent US actions, such as the air war against Iraq in 1991/2 and more recent strikes against Baghdad. It is in line with the Pentagon's emphasis on precision-guided weapons using advanced surveillance technology to spot targets - an emphasis which minimises the risks of US casualties.

The Nato attacks are the ultimate test of modern US military doctrine which puts emphasis on air power: the enemy is meant to

be so devastated by damage to his military nerve centres that he is eventually unable to put up any resistance.

If this is what happens, and Nato "peacekeeping" troops march into Kosovo to shepherd refugees back to their villages without opposition, the alliance will have confounded military experts who point out that air power by itself has never achieved such an outcome.

Even though some Americans are now calling for ground forces, it seems unlikely that the US public as a whole - at any rate before it became aware of the ethnic cleansing - would have supported preparations for ground intervention in what to most Americans is an unknown part of an obscure region. Nor is it clear there would be backing even now once Nato forces suffered inevitable casualties.

It is probably true that invasion plans would split the alliance. France, for example, is thought to be fully behind the bombing campaign but against a full-scale invasion. Italy and Greece would be even more reluctant. A campaign of air strikes on military targets enables Nato to keep up the nicety of saying it is fighting not against Serbs but against Mr Milosevic's repressive regime.

Capping the argument is the difficulty of organising an invasion. Would it be just of Kosovo, or of Yugoslavia? For the latter, a force of at least 200,000 would be needed. Nato would have to fight its way in through difficult terrain. Even for the most gung-ho

of military chiefs, it is not a tempting option. Politically, it remains a non-starter.

So based on what is presently foreseeable, ground forces will not be deployed until they can march into Kosovo without large risks. Nato will step up its efforts - with 900 more US aircraft likely to be on their way soon - to isolate Serbian forces in Kosovo so that they can receive no orders, no food, no fuel, no ammunition, no air cover and no reinforcements. The Serbs are digging in, trying to hide vehicles from Nato aircraft. It is likely to be a long time before their resistance is entirely suppressed.

So the propaganda war of attrition will also go on. Nato has to be seen to be making every effort to avoid civilian casualties. Officials yesterday came under attack at their daily briefing for not revealing more details of Wednesday's incident. They had described an incident north of Djakovica, but the bodies shown on television were to the south. Why could Nato, with all the spy planes, satellites and cockpit videos at its disposal, not explain what had happened?

Jamie Shea, the Nato spokesman - dependent on data given to him by the military - insisted Nato would not give out any facts it was not sure of. It was an approach that won considerable praise and avoided the premature accusations of Serbian aircraft attacks which had initially come from the Pentagon. But Nato military chiefs may have to give Mr Shea more help with the facts if he is to win his part of the battle.

## LETTERS TO THE EDITOR

## Dangers in China's power shift

From Jin-Kyu Joong.

Sir, I strongly agree with James Harding's article "Zhu faces resistance to WTO entry" (April 10-11) in that China's failure to win membership of the World Trade Organisation has implications far beyond any trade issues. I believe that, in reaction to China's recent market-opening concessions, reformists in China will likely lose a substantial part of their domestic constituency, the Communist party will lose its unity on economic reforms, and the country will face an increased risk of political backlash against these reforms.

Premier Zhu's concessions changed the dynamics of the Chinese political economy in two crucial ways. First, the concessions considerably undermine

vital political support for economic reforms because they alter the incentive structure among China's pro-reform interests.

Many of China's pro-reform interests are located along coastal areas that have greatly benefited under government regulations and high trade barriers. Now with the removal of the protective umbrella, they are losing incentives to back the reforms.

Second, the concessions give ideological conservatives a good reason to strike back at liberal Zhu, who epitomises the reforms.

Recently the conservatives have been emboldened by growing public resistance to wrenching state-sector reform. Now, with the concessions that will guarantee further pains, the conservatives will be able to legit-

mately criticise Mr Zhu and reformists for selling off cherished national interests to the hegemonic US. In essence, there now exists a new incentive structure in which coastal (formerly pro-reform) interests ally with the traditional anti-reform interests of China's agricultural hinterlands and ideological conservatives in an attempt to halt China's economic liberalisation. This power shift will likely put liberal reformists on the defensive and could severely disrupt China's market liberalisation.

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## Early action can save both lives and money

From Ms Jane E. Holl.

Sir, In his article "Bombing costs present allies with hefty bill" (April 9), Andrew Balls estimates the costs to the Allies of one month of war in Kosovo. Although the highest price in humanitarian crises is paid in human lives, the costs to outside governments are substantial and reinforce the point that conflict prevention is less costly than war.

In *The Costs of Conflict: Prevention and Cure in the Global Arena*, edited by Michael E. Brown and Richard N. Rosecrance, the authors examine nine recent conflicts and estimate what preventive measures might have cost. They argue that in every case they examined, "conflict prevention actually cost or would have cost the international community much less than the conflicts themselves".

In the future, policymakers should consider early action because it can save both lives and money. The questions at the heart of the current crisis in Kosovo are: what could the international community have done to prevent a violent explosion, and when should we have done it?

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## Sorry tale of Europe's official currency

From Mr Mario Gobbo.

Sir, Travellers to France these days are invariably presented with prices in both francs and euros. As an Italian living in London, I prepared for my French skiing holiday by purchasing euro-denominated traveller's cheques, available from American Express.

My first surprise was the discovery that none of the Mirel shopkeepers showed any interest in accepting my euro currency, on the grounds of excessive commissions levied by the local banks - francs please, failing which a credit card would have done nicely.

Having no other liquid funds at

my disposal, I then visited the local branch of one of France's largest banks, only to be told that no facilities existed for converting my euros into francs: the procedure had not been laid down, the exchange rate was unknown.

Telephone calls by me first to the regional headquarters and then to the Paris head office initially confirmed this astonishing state of affairs. In desperation, I pointed out the absurdity of a situation where a bank that would have happily exchanged US dollar cheques was apparently unable to process the official currency of Europe.

Faced with this argument, the local branch eventually received

special instructions via my mobile phone that allowed them to find a hitherto undiscovered program in their computer releasing the appropriate quantity of francs (less commission).

Three months after the launch of our official currency, and in one of the European Union's more cosmopolitan centres, is this not a sorry state of affairs? Should it not be a priority to facilitate the use of the euro if it is to broaden its appeal to the travellers of the EU?

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MAN IN THE NEWS ABDELAZIZ BOUTEFLIKA

## A pyrrhic victory

Algeria's new president will have a hard time winning popular support after a one-horse election, reports Roula Khalaf

Abdelaziz Bouteflika waited in the shadows for 20 years with the sole ambition of becoming Algeria's president. But his declared victory yesterday amounted to a cruel personal defeat.

He will be a wounded leader of a country wracked by despair after seven years of civil strife that has caused more than 70,000 deaths. The troubles erupted in 1992 after the army-backed regime's cancellation of an election that an Islamist party was about to win.

All six of Mr Bouteflika's rival candidates walked out on the eve of Thursday's presidential election, accusing the military authorities of vote-rigging. The regime then held a one-man race and was accused of inflating the turnout figure to make it look as if Mr Bouteflika was always the most popular candidate.

Mr Bouteflika, a 62-year-old former foreign minister known for his charm and flamboyant manner, was convinced he could sell himself to the 17m Algerian voters as an independent candidate who could heal the country's wounds.

But on election day, the country's new president-elect cut a sad figure.

Instead of an independent force for change, he was seen by many Algerians as merely the product of a regime that had openly displayed its contempt for the voters.

He appeared to be fighting tears after casting his ballot on Thursday. He lashed out in all directions, telling the press that if Algerians failed to endorse him, "they could go back to living in their mediocrity".

Many Algerians were yesterday hoping Mr Bouteflika would renounce his victory and spare Algeria the pain that may follow. Others were taking bets on how long he would last as president. One year, six months? Some analysts pointed to his poor health, predicting he could not last the full five-year term.

Mr Bouteflika, once known as a brilliant diplomat, was a son of the Algerian revolution. He was only 26 when in

1963, a year after Algeria's independence from France, he became foreign minister.

He kept the job for 16 years and became the right hand man of President Houari Boumedienne, the authoritarian Socialist-minded father of modern Algeria. He helped to shape Algeria's diplomatic prestige as a leader of the third world.

After losing out in a bid to succeed Mr Boumedienne in 1979, he faded from political influence in Algeria. Flitting in and out of the country for the next two decades, he spent some time acting as an adviser to Gulf rulers.

In 1994, he turned down a chance to return to political power. The army offered him the presidency, asking him to help it end the violence it had caused by cancelling the 1991 election.

This was about to be won by the Islamic Salvation Front (Fis), a radical party

that rose on the back of widespread social and political discontent.

But Mr Bouteflika turned down the offer when the army demanded he get the blessing of a sham set of political parties.

He was selected again by the army after President Liamine Zerroual's sudden decision to quit last September. He was thought to have both the fierce nationalist culture and the diplomatic skill to respond to the army's requirements.

His military backers thought he would appeal to Algerians reeling from social discontent because he represented a past era of stability when a strong state had provided jobs and social welfare.

Had it been a credible election, he might have been able to improve the regime's image abroad, tainted by accusations of brutal human rights abuses. The stage was

set by the "pouvoir" - the military and political establishment - for him to emerge winner in an election that was intended to be the envy of the Arab world and finally bring the curtain down on the failed 1991 poll.

The six other candidates, most of them prominent opposition figures, decided to take part and the campaign produced an unprecedented open debate. But Mr Bouteflika's attempts to get pro-government parties to back him did not work out as smoothly as planned. The parties' grass roots appeared split, and complaints about pressure from retired army generals were voiced publicly.

However hard he tried, he could not shed the image of a candidate being pushed by the regime. His campaign left many observers baffled. He appeared as the consummate diplomat, promising to take Algerians back to the

golden days of the 1970s, when "Algeria was celebrated in the fourth corners of the planet".

He pledged to reconcile Islamists with fierce anti-Islamists, talk to the FIs and even go up to the mountain hideouts to speak to armed groups "whose hands are not soaked with blood".

At the same time, however, he was the patronising, authoritarian father, scolding some of those who came to applaud him, telling workers, for example, that they bore responsibility for the lack of jobs. "Thirty per cent unemployment? Good for you," he told an audience in Oran.

Politicians in Algiers now say they expect Mr Bouteflika, as president, to try to redress the botched election by acting as the reconciliator he promised to be.

They say he could introduce army-approved measures to reduce tensions, such as the release of more FIs representatives or renewed talks with leaders of the banned party.

But such moves may seem no more than cosmetic after an election that leaves most Algerians feeling betrayed.

The other candidates who quit the race may not remain a united bunch, but for now they do not recog-



nise the election results.

Mr Bouteflika, the man who tried to be the "consensus candidate", faces worse divisions than ever in a country saddled with \$30bn debt and 30 per cent unem-

ployment. "When a part of the population says it does not recognise its president, it is serious," says Ali Yahya Abdenour, head of Algeria's human rights league. "It means a total breakdown."

## The birth of the Berlin republic

Frederick Stüdemann looks back at the Reichstag's turbulent history ahead of the opening of Germany's new parliament

As parliament buildings go, the Reichstag in Berlin has suffered more than its fair share in the convulsions of modern European history. On Monday it will be given a third lease of life when members of the Bundestag, Germany's lower house of parliament, hold an inaugural session in the Reichstag before their move from Bonn to Berlin later this year.

For much of its 105-year history, Germany's former (and soon to be again) national parliament did a poor job. Its brief, as inscribed above its main portal, dedicated the building to "Dem deutschen Volke" (to the German people). But the Reichstag was an active national assembly for only 45 years.

Even the period of active service was an unhappy one. Kaiser Wilhelm II, who dubbed the building the "Reichs house", ignored parliament altogether.

In 1918, the Reichstag played a central role in bringing the Kaiser's reign to an abrupt close. With communists occupying the Imperial Palace in an attempt to declare Germany a socialist republic, Philip Scheidemann, a leading social democrat and a proponent of republicanism, broke off his lunch at the Reichstag's second floor restaurant and, standing on a window sill, pronounced the famous words that gave birth to the

Weimar republic: "The old and the rotten have broken down. Long live the new! Long live the German republic!"

During the Weimar republic's 15 years, however, the Reichstag was often consigned to the role of spectator. Presidents ruled by emergency decree, while political debates were increasingly carried out on the streets.

The end of the republic in 1933 was marked by the flames that engulfed the Reichstag. From its embers, Adolf Hitler raked absolute power. The utter defeat of the Nazis was captured in a staged photo of a Russian soldier erecting the Soviet flag on top of the ruins of the building. The post-second world war years, during which the Reichstag was reconstructed, were certainly more peaceful, but also impotent. With Germany and Berlin divided, the building was bereft of any function.

The building the parliamentarians will enter on Monday is the third reconstruction of the Reichstag. The original was an ungainly and overworked structure, typical of the period that followed Bismarck's unification of Germany in 1871. The second, built in the 1920s, reflected the self-conscious modesty

and insecurity of the young West German republic. The exterior was stripped down and robbed of its dome; the utilitarian interior resembled a mediocre airport lounge.

The new Reichstag is a remarkable mix of the traditional and the modern. Designed by Sir Norman Foster, the British architect, it retains the original structure, including the glass dome. But this being Sir Norman, whose past projects include the high-tech Hongkong Shanghai Bank building in Hong Kong, and the almost free-floating Standed airport outside London - the reconstruction comes with all the fancy details and technical wizardry modern architecture has to offer.

The new Reichstag's extravagant use of glass floods the interior with light. The top of the dome, which is open, also helps expel stale air upwards and outwards - a handy function for a building full of parliamentarians. Because this is Germany and because this is the Reichstag, such features are imbued with symbolism. The blending of the old and the new is meant to demonstrate an acceptance of Germany's turbulent history, while moving forward.

The use of so much glass is intended to bring transparency to the inner workings of democracy. Efficient energy usage sits well in a country where concern for the environment is a mainstream issue.

The result of Sir Norman's work may be politically correct and elegant. The process of getting there, however, was more muddled and anguished. Hardly had the Berlin Wall, which used to run along one side of the Reichstag, fallen in 1989 than a debate erupted about what to do with the building.

There were official commissions, public forums and fierce arguments in the press.

Essentially the row boiled down to whether it was appropriate for modern Germany to use a building with such a dubious pedigree. Some worried that a return to the Reichstag might symbolise a return to the expansive aspirations of the "Reich", or empire.

Others countered that deliberately ignoring the building was tantamount to what psychologists call "denial" and that the time had come for Germany to acknowledge its past, with its martyrs, ghosts, and demons, waris and all.

The row simmered on. The latest bone of contention is the name of the Reichstag itself. With the Reich consigned to the history books, the term Reichstag, which means imperial assembly, is strictly speaking incorrect. This prompted the Bundestag's management committee to rule that the building will officially be called *Deutscher Bundestag-Platz* - Reichstaggebäude, or German Federal Assembly - Plenary Area Imperial Assembly Building.

Whether Germans warm to the Reichstag's official new title remains to be seen. The management committee's linguistic gymnastics at

least offer a snapshot of the implications of the decision to return Germany's seat of government to Berlin.

Moving from the Rhine to the Spree has posed the question of how Germany should confront its history and what will become of the unified nation as it leaves the "Bonn republic" behind and embraces the "Berlin republic".

No-one appears to know exactly what these terms mean. German intellectuals, always prepared to use 100 words when a few might do, have been discussing the issue for years.

To some, the Berlin republic runs the risk of becoming an overbearing and centralised entity, compared with the modesty of Bonn, whose smallness allowed Germany's federal structures to bloom at the expense of the centre.

Others are not so worried. Gerhard Schröder, the chancellor, describes the move to Berlin as "an awakening". In his inauguration speech last October, he said the Berlin republic would be the expression of "the self-knowledge of a grown-up nation, which does not feel superior or inferior to anyone, which acknowledges its responsibility and in doing so is forward-looking".

Sir Norman's efforts certainly reflect that goal. It is now up to the Reichstag to prove that after the many false starts, it has a real role to play.



## Burger with fries and videos to go

The fast-food war for American stomachs is moving into the internet age, says Andrew Edgecliffe-Johnson

After years of warring over who had the crisper french fry and the bigger all-beef patty, the battle between McDonald's, Burger King and Wendy's for American stomachs has moved on to new ground.

If Dennis Malamatinas is right, fast-food fans are getting more choosy. The chief executive of Burger King this week unveiled plans for a sweeping revamp of its 10,000 restaurants, ranging from a straightforward redesign of the chain's logo and decor to innovations such as interactive video games to keep children quiet at their tables.

Behind the talk of "taking the stress out of the drive-thru lane" and "addressing the herb appeal" (of the restaurants' exteriors) lay a simple aim. Burger King, like its rivals, has recognised the need to stand out and be different if it is to take a larger bite of the \$42bn US hamburger market.

"Frankly, most of the restaurants look the same [as each other], which annoys me as a marketing man," Mr Malamatinas says. "It remains to be seen, however, whether or not customers will be swayed by the knowledge that they can have extra napkins delivered to their car at Burger King's drive-ins. The planned changes will be rolled out over several years."

It is clear, however, that the three main players in the burger industry have decided they must be more creative if they are to persuade consumers that a beef patty in a bun is an exciting gastronomic experience.

In the first half of the 1990s, the big three burger groups pushed sales growth

by opening more restaurants across the US and abroad, in a process Mr Malamatinas likens to stamp collecting.

By 1985, growth in supply was running at 5 per cent, while demand was rising at just 2 per cent a year.

Something had to be done to narrow that gap. In the past two years, by stepping up promotional activity and adding new items to the menu, the chains have managed to increase demand three to four per cent a year.

Led by McDonald's, they also made the crucial decision to halt the opening of new restaurants and concentrate instead on raising same-store sales. "The 'If you build it, they will come' business model no longer works as it used to."

**'Frankly, most restaurants look the same, which annoys me'**

explains Mitchell Speiser, of Lehman Brothers.

McDonald's needed to regain the initiative after Burger King successfully returned to its flame-broiled "have it your way" burgers. Burger King had also drawn McDonald's into the kind of price war market leaders are supposed to be able to avoid: slugging it out over 98 cent burgers was not in either company's long-term interests.

A year ago, Jack Greenberg, chief executive of McDonald's, launched the "Made For You" cooking system. By the end of this year every kitchen will have been reorganised so that each

sandwich can be assembled to order, providing food tailored to the wishes of the most finicky customer.

"The move flexible kitchens have allowed McDonald's to experiment with new recipes. At some restaurants, customers can try such novelties as the steak, egg and cheese breakfast bagel, waffle sticks, and pots of salad that are shaken to distribute the dressing."

The result is that McDonald's is set for its fifth consecutive quarter of sales growth. At Wendy's, which reorganised its kitchens in similar fashion, the results have been even more dramatic: same-store sales were up 10 per cent in the first quarter.

Burger King, owned by Diageo, the international drinks and food group, needed to catch up. But for all the talk of burger wars, the remarkable feature of the latest jostling in the fast-food market is that all three big players are benefitting.

McDonald's market share increased from 42.2 per cent to 42.7 per cent last year. Burger King's rose from 19.4 per cent to 20.2 per cent and Wendy's edged up from 11.3 per cent to 11.5 per cent, according to Technomic, the market research group. In a buoyant economy, where the average parent does not worry too much about the cost of a Big Mac, the only losers have been smaller companies like Hardee's and independent burger bars.

Mr Speiser adds: "There could be co-existence [between McDonald's, Burger King and Wendy's]. The pie is getting bigger." Mr Malamatinas agrees: "You are as good as your product innovation. I don't believe in saturated markets."

## Shutters come down on Hitachi City

Paul Abrahams finds despondency in a recession-hit Japanese company town that once offered employment for life

The chimney stack that towers 155 metres over Hitachi City used to

symbolise the town's industrial might. When it was built in 1914, the chimney was the world's tallest. One evening six years ago it collapsed. It is yet to be rebuilt.

Hitachi City is a company town - a model of the Japanese corporate welfare state that delivered lifelong employment and prosperity until not so long ago.

But the recession and a strong yen have placed unprecedented strain on Hitachi's operations, and that strain is beginning to affect relations between the company and the town's 195,000 residents, all of whom depend on Hitachi for their well-being.

At first glance, everything appears to be normal in Hitachi City. Nestling between the mountains and the Pacific Ocean, a two-hour train ride from Tokyo, its streets are tidy and well-kept.

There are no homeless, and crime is a rarity. At lunch-time, workers sit in the company's immaculate park, enjoying the spring

sunshine. Others play Hitachi's official game, a version of table tennis using a bench as a net. There is, of course, an annual company championship.

There are three company hospitals, which use Hitachi medical equipment, a gym, a baseball stadium, and housing for employees.

The company funds motherhood classes to help boost the birth rate, ensuring the future supply of workers. Indeed, Hitachi appears to provide everything necessary from cradle to retirement.

But appearances are deceptive. At the Nissan Big Spot showroom, Hitachi City's largest car dealership, salesmen outnumber the few customers who are idly looking at the new models in stock.

Business is grim: sales fell 10 per cent last year and look like being down another 20 per cent this year. Hiromi Kajiyama, the manager, says: "The problem is simple. The problem is Hitachi."

During the recession, demand for nearly all of Hitachi's products has plummeted. Hitachi City supplies components for

thermal and nuclear power plants - both in the doldrums - electrical machinery for the steel and motor industries - both depressed - and equipment for semiconductor manufacturers, which are also in deep trouble.

Hitachi is Japan's largest employer, with 283,000 staff on its payroll. Its output accounts for 4 per cent of the country's gross domestic product.

But following a profits warning in November, the company is due to report an annual net loss of ¥375bn (\$1.8bn), the worst results in Hitachi's 88-year history.

The company's management does not underestimate its problems. "The crisis we are facing is even greater than the one in June 1945, when American aircraft dropped more than 500 bombs, destroying the factories and killing more than 800 people," says Katsukuni Hisano, a board director and general manager in charge of the Hitachi City operations.

To counteract the fall in sales and prices, Mr Hisano says bonuses in December were cut by 12 per cent, overtime was reduced and

capital spending slashed. The budget for research and development, the life-blood of the company and hitherto sacrosanct, was cut by 40 per cent. When asked if he sees any sign of the recovery, Mr Hisano laughs.

Jobs for life are a thing of the past. Hitachi is to shed 7,000 jobs over the next 12 months. "To survive, we must cut the number of office workers, who account for about 60 per cent of personnel," Mr Hisano says.

"If we invest properly in information technology, we can reduce the labour force between a third and a half."

The belt-tightening is also hitting Hitachi's suppliers, which employ 10,000 people. Mr Hisano says the company can afford to source from only lowest-cost suppliers and will cut the number with which it does business. Katsutoshi Seki is to shed the receiving end of Mr Hisano's efforts. The president of Meitek, a Hitachi supplier, Mr Seki steers his grey Mercedes through the town's well-planned streets.

As he passes Hitachi's huge factories, he complains of the impact of cost-cutting. "November and December

were really scary, the worst business conditions in my 40 years in the business," he says. Few suppliers are making a profit. Some suppliers have even started selling to Hitachi's arch rival, Mitsubishi Heavy, though in small volumes.

The outlook, he says, is like "a tunnel with no end".

Mr Seki swings his Mercedes round a corner on to Route 8x and announces: "Welcome to the street of shutters." Here there are rows of boarded up shops, bankrupted by the recession.

The cuts in overtime, bonuses and employment, and a general fear of unemployment have had a devastating effect on consumption, Mr Seki explains.

Seishi Imaizumi, store manager at Isejin Super, one of the biggest and most successful supermarkets, reckons he has done well: sales in the six months to September were down only 2 per cent.

But when Hitachi announced its profits warning in November, people simply stopped buying. "We called it the Hitachi shock," he says. Even top-class restaurants

are suffering. Yamabun, the favourite haunt of Etsuhiko Shoyama, Hitachi's new president, has a *kamidana* Shinto shrine that is supposed to promote prosperity. But Saburo Kurosawa, the restaurant manager, admits that the shrine appears to have lost its powers.

The restaurant is almost empty. There are few customers for Mr Kurosawa's fare: wooden barrels filled with ice and herring, eel and anglerfish.

Local authorities appear powerless to arrest Hitachi City's slow decline. More than 8,000 residents have left over the past 10 years, in search of jobs that Hitachi can no longer provide.

Toshio Iiyama, the mayor, says that seven years ago 49 companies applied for help to cover interest on loans. Last year, the number jumped to 1,637.

But the ability of the municipality to help is limited. Its own finances are precarious. It has debts of ¥190bn and annual income of ¥96bn.



¥700m a year by not buying presents for pensioners who reach 77 years of age and are honoured on senior citizen's day. They now have to wait until they are 88.

Mr Iiyama, who is 67, appears pained by the municipality's parsimony. The former education inspector says he has had enough and plans to retire. If there is not a general air

of defeat in the town, there is one of bewilderment. "Hitachi City must change," says Tetsuo Miyazaki, chairman of the Hitachi chamber of commerce and industry.

"We are at a turning point. It's just it remains unclear which path we should take." The same sentiments are just as true for Japan as a whole.



## COMMODITIES &amp; AGRICULTURE

Oversupply  
pushes down  
sugar prices

## WEEK IN THE MARKETS

By Paul Solman

Sugar futures weakened to historical lows amid continued signs of oversupply on the world market.

Raw sugar dropped below 5 cents a pound on New York's Coffee, Sugar and Cocoa Exchange for the first time in more than 12 years, while white sugar fell to new lows of under \$180 a tonne on the London International Financial Futures and Options Exchange.

Forecasts suggest global production of at least 130m tonnes this year, boosted by bumper crops in India, Thailand and Brazil, the largest producer.

Brazil's currency devaluation earlier this year is also pushing prices down by encouraging exports. Australian producers are being hit, especially hard by competition from cheaper Brazilian produce.

Meanwhile, Russia, the biggest importer of sugar, is holding back from buying because of its own financial woes.

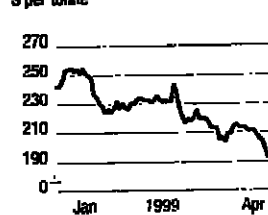
Life cocoa also slipped to six-year lows of about \$750 a tonne.

Signs of optimism returned to the oil market, with Brent crude jumping back above \$15 a barrel on London's International Petroleum Exchange. The May contract expired yesterday; the June contract was \$15.44 in late trading.

Base metals rallied on the London Metal Exchange, with copper, aluminium and nickel achieving their highest for several months and

## Sugar (white)

per tonne



## LME warehouse stocks\*

|                  | Tonnes  | Change |
|------------------|---------|--------|
| Aluminium        | 795,025 | -3,525 |
| Aluminium 99.99% | 65,500  | -500   |
| Copper           | 741,390 | +2,725 |
| Copper 99.99%    | 102,525 | +250   |
| Nickel           | 61,212  | +50    |
| Zinc             | 518,595 | -95    |
| Tin              | 9,250   | -170   |

\* Thursday's close

some analysts predicting that the sector was heading out of the mire. Three-month copper closed yesterday at \$3.33, a gain of \$108 on the week.

However, a report by the Economist Intelligence Unit was bearish, suggesting the price of industrial raw materials - including base metals - would remain low. It cited continued oversupply, though it expected small price rises towards the end of 1999.

Gold rose above \$283 an ounce after the latest report by the US Commodity Futures Trading Commission showed a sharp rise in net short speculative positions.

The market will be watching tomorrow's referendum in Switzerland, which is expected to pave the way for increased gold sales.

## WEEKLY PRICE CHANGES

|                       | Latest price | Change on week | Year ago   | 1999       |
|-----------------------|--------------|----------------|------------|------------|
| Gold per troy oz.     | \$283.95     | +1.85          | \$277.70   | \$277.70   |
| Silver per troy oz.   | \$114.72     | +7.60          | \$107.10   | \$107.10   |
| Aluminium 99.99%      | \$1,255.5    | -33.5          | \$1,141.5  | \$1,141.5  |
| Copper Grade A (cash) | \$1,504.5    | +185.0         | \$1,319.5  | \$1,319.5  |
| Lead (cash)           | \$53.0       | +2.5           | \$50.5     | \$50.5     |
| Nickel (cash)         | \$51.90      | +2.5           | \$49.40    | \$49.40    |
| Zinc (cash)           | \$1,023.0    | -45.5          | \$1,068.5  | \$1,068.5  |
| Tin (cash)            | \$54.00      | +1.25          | \$52.75    | \$52.75    |
| Cocoa futures May     | \$1,477.15   | +1.15          | \$1,476.00 | \$1,476.00 |
| Coffee futures May    | \$1,319.00   | -6.00          | \$1,325.00 | \$1,325.00 |
| Soybean futures May   | \$75.50      | -2.25          | \$77.75    | \$77.75    |
| Wheat futures May     | \$7.25       | -0.25          | \$7.50     | \$7.50     |
| Cotton futures May    | \$32.00      | -0.25          | \$32.25    | \$32.25    |
| Wool (54s Super)      | \$15.655     | -0.005         | \$15.660   | \$15.660   |

For more weekly price changes, see p. 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 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## DATABANK



## UNIT TRUSTS

## Winners and losers

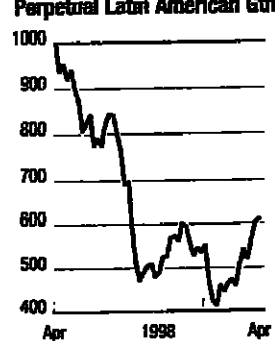
## TOP FIVE OVER 1 YEAR:

|                                |       |
|--------------------------------|-------|
| Fidelity American              | 2,164 |
| Invesco Japan Smaller Cos      | 2,012 |
| Johnson Fry New Japan          | 1,937 |
| Gartmore PS Japan Sm Cos Strat | 1,850 |
| Save & Prosper Korea           | 1,758 |

## BOTTOM FIVE OVER 1 YEAR:

|                               |     |
|-------------------------------|-----|
| Scott Widows Latin America    | 599 |
| Perpetual Latin American Gth  | 611 |
| Scott Widows Emerging Markets | 617 |
| Save & Prosper New Europe     | 628 |
| AB Gowell Latin America       | 639 |

## Perpetual Latin American Gth



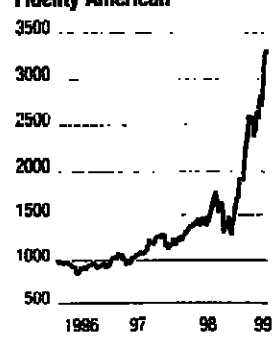
## TOP FIVE OVER 3 YEARS:

|                             |       |
|-----------------------------|-------|
| Fidelity American           | 3,298 |
| TU European                 | 2,378 |
| Jupiter UK Growth Exempt    | 2,278 |
| Framlington American Growth | 2,245 |
| Old Mutual North American   | 2,214 |

## BOTTOM FIVE OVER 3 YEARS:

|                                |     |
|--------------------------------|-----|
| Save & Prosper Gold & Exp'n    | 228 |
| Old Mutual Thailand Acc        | 254 |
| M&G Gold                       | 362 |
| Gartmore Gold & Int'l Resource | 423 |
| Mercury Gold & General         | 445 |

## Fidelity American



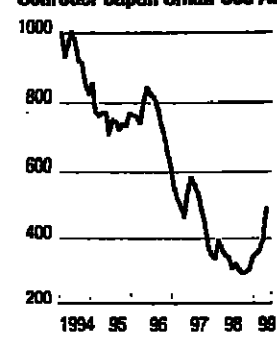
## TOP FIVE OVER 5 YEARS:

|                             |       |
|-----------------------------|-------|
| Fidelity American           | 4,582 |
| Aberdeen Technology         | 4,210 |
| GA North America Growth     | 3,533 |
| Fidelity American Spec Sits | 3,502 |
| Edinburgh North American A  | 3,430 |

## BOTTOM FIVE OVER 5 YEARS:

|                              |     |
|------------------------------|-----|
| Save & Prosper Gold & Exp'n  | 337 |
| Old Mutual Thailand Acc      | 339 |
| Save & Prosper Korea         | 444 |
| Lincoln South East Asia      | 472 |
| Schroder Japan Small Cos Acc | 488 |

## Schroder Japan Small Cos Acc



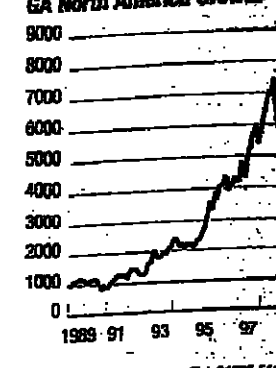
## TOP FIVE OVER 10 YEARS:

|                             |        |
|-----------------------------|--------|
| Aberdeen Technology         | 11,163 |
| Fidelity American           | 9,365  |
| GA North America Growth     | 8,176  |
| Edinburgh North American A  | 7,702  |
| Henderson Global Technology | 7,630  |

## BOTTOM FIVE OVER 10 YEARS:

|                             |     |
|-----------------------------|-----|
| Barclays Japan              | 428 |
| M&G Japan Acc               | 505 |
| Invesco Japan Growth        | 568 |
| HSC Japan Index             | 626 |
| Henderson Japan Smaller Cos | 649 |

## GA North America Growth



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warnings: past performance is not a guide to future performance.

## Indices

| Investment                  | 1 year | 3    | 5    | 10   | Volatility | 10% |
|-----------------------------|--------|------|------|------|------------|-----|
| Average Unit Trust          | 1021   | 1317 | 1594 | 2003 | 4.5        | 2.3 |
| Average Investment Trust    | 994    | 1410 | 1547 | 3007 | 6.4        | 4.5 |
| Bank                        | 1045   | 1310 | 1510 | 2370 | 0.1        | 3.9 |
| Building Society            | 1039   | 1113 | 1201 | 1725 | 0.0        | 4.0 |
| Stockmarket: FTSE All-Share | 1076   | 1732 | 2179 | 3921 | 3.7        | 2.3 |
| Inflation                   | 1021   | 1085 | 1148 | 1464 | 0.3        | -   |

## UK Growth

| UK Growth                    | 1 year | 3    | 5    | 10   | Volatility | 10% |
|------------------------------|--------|------|------|------|------------|-----|
| Jupiter UK Growth Exempt     | 1077   | 2278 | -    | -    | 4.8        | 0.8 |
| Edinburgh Capital Growth     | 905    | 2034 | 2108 | 3715 | 6.7        | -   |
| Lloyds TSB Environmental Inv | 1077   | 1886 | 2243 | -    | 3.9        | 0.9 |
| Thornhill Capital            | 1112   | 1884 | 2201 | -    | 4.0        | 0.5 |
| Johnson Fry UK Growth        | 1085   | 1880 | -    | -    | 4.2        | 0.9 |
| SECTOR AVERAGE               | 981    | 1514 | 1839 | 2872 | 3.9        | 1.4 |

## UK Growth &amp; Income

| UK Growth & Income           |      |      |      |      |     |     |
|------------------------------|------|------|------|------|-----|-----|
| Fleming Select UK Income     | 1054 | 1850 | 2353 | 3298 | 3.8 | 2.8 |
| Fidelity Moneybuilder Index  | 1071 | 1847 | -    | -    | 4.1 | 2.1 |
| Johnson Fry UK Income        | 1089 | 1853 | -    | -    | 4.2 | 2.5 |
| Rever & Mercantile Top 100   | 1084 | 1832 | -    | -    | 3.9 | 2.4 |
| Direct Line FTSE 100 Tracker | 1072 | 1821 | -    | -    | 3.8 | 2.1 |
| SECTOR AVERAGE               | 1013 | 1574 | 1907 | 3079 | 3.7 | 2.0 |

## UK Smaller Companies

| UK Smaller Companies           |      |      |      |            |     |     |
|--------------------------------|------|------|------|------------|-----|-----|
| 1 year                         | 3    | 5    | 10   | Volatility | 10% | 15% |
| INVESTCO UK Small Cos Acc (GT) | 1170 | 1834 | 1896 | -          | 4.4 | 2.2 |
| Henderson Exempt Cynnet        | 1033 | 1723 | 1855 | -          | 4.5 | 0.9 |
| Gartmore UK Smaller Cos Inc    | 855  | 1535 | 2119 | 2456       | 5.0 | 1.1 |
| Lawrence Koen Smaller Cos      | 962  | 1522 | 2333 | -          | 4.6 | 1.4 |
| BND UK Smaller Cos             | 922  | 1511 | 1890 | -          | 5.3 | 0.6 |
| SECTOR AVERAGE                 | 907  | 1201 | 1464 | 1994       | 4.6 | 1.5 |

## UK Equity Income

| UK Equity Income     |      |      |      |      |     |     |
|----------------------|------|------|------|------|-----|-----|
| BWD UK Equity Income | 1047 | 1802 | 2259 | 3600 | 3.4 | 3.1 |
| Fidelity Income Plus | 1036 | 1770 | 1999 | 2841 | 3.4 | 3.7 |
| CF Gay High Income   | 983  | 1760 | -    | -    | 3.6 | 8.1 |
| Newman Higher Income | 1023 | 1756 | 2074 | 3574 | 3.8 | 4.1 |
| Jupiter Income       | 1102 | 1753 | 2070 | 3700 | 3.3 | 3.1 |
| SECTOR AVERAGE       | 982  | 1530 | 1809 | 2937 | 3.5 | 3.6 |

## UK Equity &amp; Bond Income

| UK Equity & Bond Income        |      |      |      |      |     |     |
|--------------------------------|------|------|------|------|-----|-----|
| Aberdeen National Extra Income | 1031 | 1597 | 1784 | 3579 | 2.5 | 4.1 |
| CIS UK Income                  | 985  | 1586 | 1814 | .    | 2.9 | 3.2 |
| CGU PPT High Yield             | 1065 | 1576 | 1803 | 2614 | 2.7 | 5.1 |
| Gartmore UK Income Inc         | 1011 | 1568 | 1649 | 2130 | 3.0 | 2.7 |
| Midland High Yield             | 982  | 1552 | 1672 | 2350 | 2.8 | 5.1 |
| SECTOR AVERAGE                 | 993  | 1444 | 1635 | 2505 | 2.6 | 4.6 |

## UK Eq &amp; Bd

|                        | 1 year | 3    | 5    | 10   | Volatility | 10% |
|------------------------|--------|------|------|------|------------|-----|
| Perpetual High Income  | 984    | 1673 | 2109 | 4840 | 3.8        | 3.2 |
| NPI Extra Income Ret   | 1067   | 1583 | 1971 | -    | 3.0        | 1.6 |
| Canille Income Dis     | 995    | 1576 | 1867 | 2830 | 3.2        | 2.5 |
| Newman Distributor     | 1012   | 1560 | 1874 | -    | 3.7        | 1.6 |
| Lloyds TSB High Income | 991    | 1559 | 1727 | -    | 3.0        | 3.4 |
| SECTOR AVERAGE         | 1003   | 1535 | 1884 | 3548 | 3.2        | 2.5 |

## UK Fixed Interest

| UK Fixed Interest              |      |      |      |      |     |     |
|--------------------------------|------|------|------|------|-----|-----|
| Morgan Gren MP Annuity Conv Ex | 1096 | 1553 | -    | -    | 1.6 | 4.7 |
| CGU PPT Preference             | 1080 | 1549 | 1863 | 2320 | 2.2 | 5.9 |
| Aberdeen Sterling Bond         | 1063 | 1517 | 1853 | 2217 | 1.4 | 4.3 |
| CGU PPT Monthly Income Plus    | 1039 | 1504 | 1830 | -    | 1.8 | 6.7 |
| M&G Corporate Bond             | 1085 | 1493 | -    | -    | 1.4 | 5.3 |
| SECTOR AVERAGE                 | 1067 | 1361 | 1483 | 2223 | 1.3 | 5.7 |

## UK Gilt

|                                |      |      |      |      |     |     |
|--------------------------------|------|------|------|------|-----|-----|
| Fleming Select Long-dated Gilt | 1177 | 1716 | -    | -    | 2.1 | 5.2 |
| Fidelity Institutional Lg Gilt | 1177 | 1686 | -    | -    | 2.1 | 5.2 |
| Mercury Long-Dated Bond        | 1086 | 1562 | 1617 | -    | 2.0 | 5.1 |
| Fleming Select UK Index Linked | 1182 | 1490 | -    | -    | 1.2 | 3.1 |
| M&G Gilt & Fixed Interest      | 1118 | 1488 | 1826 | 2402 | 1.4 | 4.1 |
| SECTOR AVERAGE                 | 1085 | 1353 | 1422 | 2232 | 1.2 | 4.7 |

## Far East ex Japan

| 1 year                         | 3    | 5    | 10   | Volatility | 10% |
|--------------------------------|------|------|------|------------|-----|
| Friends Prov Australia         | 1070 | 1150 | 1365 | 3343       | 5.3 |
| HSBC Hong Kong Growth          | 907  | 1055 | 1236 | 4189       | 9.8 |
| Fidelity South East Asia       | 1057 | 881  | 1059 | 3340       | 9.0 |
| Henry Cooke LG East Enterprise | 859  | 877  | 967  | -          | 8.8 |
| INVESTCO Hong Kong & China     | 774  | 854  | 858  | 3048       | 9.9 |
| SECTOR AVERAGE                 | 980  | 632  | 705  | 2165       | 8.9 |

## Far East inc Japan

| 1 year                          | 3    | 5    | 10   | Volatility | 10% |
|---------------------------------|------|------|------|------------|-----|
| Jupiter Far Eastern             | 1378 | 1056 | 1035 | 2123       | 8.8 |
| Save & Prosper Far East Sm Cos  | 1189 | 909  | 786  | -          | 6.3 |
| Dreadnought RCM Oriental Income | 1088 | 850  | 863  | 1770       | 6.4 |
| AB Gowell Greater China         | 832  | 838  | 855  | 1895       | 9.8 |
| Smith & Williamson Far East     | 1077 | 834  | 805  | 1454       | 6.1 |
| SECTOR AVERAGE                  | 1062 | 727  | 763  | 1548       | 6.8 |

## Japan

| Japan                        |      |      |      |      |     |
|------------------------------|------|------|------|------|-----|
| Baillie Gifford Japanese     | 1323 | 1055 | 1044 | 1512 | 6.3 |
| Baillie Gifford Japan Sm Cos | 1609 | 1054 | 932  | -    | 7.6 |
| INVESTCO Japan Growth (ET)   | 1292 | 1038 | 1037 | 1288 | 4.2 |
| Murray Japan Growth          | 1350 | 1004 | 1080 | -    | 6.2 |
| Newman Japan                 | 1282 | 1003 | 961  | 1128 | 8.7 |
| SECTOR AVERAGE               | 1276 | 763  | 724  | 982  | 6.9 |

## Europe

|                            | 1 year (%) | 3    | 5    | 10   | Volatility |
|----------------------------|------------|------|------|------|------------|
| TU European                | 1222       | 2378 | 2980 | -    | 4.8        |
| Baring German Growth       | 1128       | 2119 | 2581 | -    | 6.4        |
| INVESTCO European Growth   | 1085       | 1996 | 2802 | 5489 | 7.2        |
| Newman European            | 1034       | 1934 | 2565 | 4482 | 5.9        |
| Bartmore European Sel Opps | 1042       | 1850 | 2757 | 5377 | 6.1        |

## Global Emerging Mkts

| Global Emerging Mkts          |     |     |     |      |     |     |
|-------------------------------|-----|-----|-----|------|-----|-----|
| Gartmore PS Emerging Markets  | 817 | 848 | 829 | -    | 8.3 | 0.9 |
| Stewart Ivory Emerging Market | 748 | 827 | 811 | -    | 8.2 | 1.5 |
| Hill Samuel Global Emerg Mkts | 791 | 808 | -   | -    | 7.7 | -   |
| Save & Prosper Emerging Mkts  | 784 | 799 | 741 | -    | 9.6 | 0.9 |
| Mercury Emerging Markets      | 733 | 782 | 809 | -    | 8.6 | 0.3 |
| SECTOR AVERAGE                | 752 | 720 | 667 | 1682 | 8.2 | 1.3 |

## International Equity Income

| INVESTCO International Income | 1072 | 1608 | 1828 | 3895 | 3.5 |
|-------------------------------|------|------|------|------|-----|
| Premier Global 100            | 1168 | 1554 | 1842 | 2090 | 4.3 |
| Mayflower Global Income       | 846  | 1410 | 1636 | 2849 | 3.3 |
| M&G International Income      | 979  | 1334 | 1543 | 3050 | 3.5 |
| SECTOR AVERAGE                | 1036 | 1476 | 1738 | 2971 | 3.7 |

## International Fixed Interest

| INTERNATIONAL FIXED INCOME     |      |      |      |      |     |
|--------------------------------|------|------|------|------|-----|
| Marlborough Managed            | 1047 | 1296 | 1438 | 2501 | 1.5 |
| Newton International Bond      | 1059 | 1280 | 1330 | -    | 1.7 |
| Barclays BGI Int'l Fx Interest | 1072 | 1230 | 1331 | -    | 1.0 |
| AES Int'l Bond & Convertible   | 1022 | 1228 | 1298 | -    | 1.1 |
| City Financial Int'l Cap Accum | 1051 | 1216 | 1298 | 2089 | 1.8 |
| SECTOR AVERAGE                 | 1048 | 1071 | 1171 | 1924 | 1.7 |

## International Equity &amp; Bond

| International Equity & Bond   |      |      |      |      |     |
|-------------------------------|------|------|------|------|-----|
| Fleming General Opportunities | 1069 | 1529 | 1770 | -    | 2.6 |
| GA Income Portfolio           | 1049 | 1510 | 1684 | -    | 3.7 |
| Bank of Ireland Ex Mgd Growth | 1040 | 1456 | 1625 | 3641 | 3.7 |
| MT General                    | 1054 | 1454 | -    | -    | 3.8 |
| Gartmore PS Medium Term Balan | 1132 | 1439 | 1680 | 2890 | 2.2 |
| SECTOR AVERAGE                | 1055 | 1329 | 1533 | 3024 | 3.0 |

## International Growth

| International Growth           |      |      |      |       |     |
|--------------------------------|------|------|------|-------|-----|
| Fidelity Managed International | 1470 | 2113 | 2600 | 5060  | 5.6 |
| Scott Equitable Technology     | 1460 | 2001 | 2657 | 7148  | 6.5 |
| Aberdeen Technology            | 1650 | 1974 | 4210 | 11163 | 8.2 |
| Henderson Global Technology    | 1445 | 1556 | 3148 | 7630  | 8.3 |
| Fidelity International         | 1243 | 1881 | 2403 | -     | 4.4 |
| SECTOR AVERAGE                 | 1009 | 1305 | 1573 | 3004  | 5.1 |

## Best Peps

|                              |      |      |      |   |     |
|------------------------------|------|------|------|---|-----|
| TU European                  | 905  | 2034 | 2106 | - | 6.7 |
| Barclays Capital Growth      | 1085 | 1996 | 2602 | - | 7.2 |
| INVESTCO European Growth     | 1034 | 1934 | 2565 | - | 5.9 |
| Newman European              | 1077 | 1886 | 2243 | - | 3.9 |
| Lloyds TSB Environmental Inv | 991  | 1460 | 1777 | - | 3.7 |
| AVERAGE UT PEP               |      |      |      |   |     |

## Property

|                             |      |      |      |   |     |     |
|-----------------------------|------|------|------|---|-----|-----|
| Aberdeen Property Share     | 829  | 1359 | 1224 | - | 3.9 | 1.7 |
| Always Residential Property | 1052 | 1311 | -    | - | 1.3 | 5.5 |
| Norwich Property            | 1013 | 1310 | 1309 | - | 0.9 | 4.5 |
| Barclays Property           | 983  | 1233 | 1324 | - | 1.0 | 4.9 |
| SECTOR AVERAGE              | 972  | 1303 | 1286 | - | 1.8 | 4.5 |

## Nth America







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|---------|--------|------|-------|---------|--------|------|-------|
|---------|--------|------|-------|---------|--------|------|-------|

|  | Symbol | Share Price | Yield   | Div  | Share Price | Yield | Div |
|--|--------|-------------|---------|--|-------------|-------|-----|
| <b>Calross Global Management Limited</b> |        |             |         | <b>Farmosa Fund</b>                          |             |       |     |
| Calross Global Fund Ltd                  | CGF    | \$102.50    | +0.75   |  |             |       |     |
| Calross Global Fund Ltd                  | CGF    | \$102.50    | +0.75   |  |             |       |     |
| <b>DRE Deutsche Inv. F. Management</b>   |        |             |         | <b>Fidelity Asset Management Ltd</b>         |             |       |     |
| DRE Deutsche Inv. F. Management          | DRE    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Frank Russell Investments (Cymru) Ltd</b> |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Asset Management</b>               |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>The GP Taiwan Index Fund</b>              |             |       |     |
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| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
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| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
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| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
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| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
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| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75   |  |             |       |     |
| <b>Dasham Investment Trust Co Ltd</b>    |        |             |         | <b>Global Fund Management (Bermuda) Ltd</b>  |             |       |     |
| Dasham Investment Trust Co Ltd           | DIT    | \$102.50    | +0.75</ |  |             |       |     |

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# Second liners move to grab the limelight again

## MARKETS REPORT

By Steve Thompson,  
FT Stock Market Editor

The divergence of performance between the London market's leaders and second and third line stocks was apparent again yesterday, with the FTSE 250 leaving its senior index for dead for the third consecutive session. And that divergence would have been much greater but for the proposed multi-billion pound merger of Asda and Kingfisher, which saw the food retailing sector erupt, plus another stunning performance by BP Amoco.

Even hard-bitten market-makers were surprised by BP's strong showing.

BP is easily the UK's biggest company by market capitalisation, representing almost 10 per cent of the FTSE 100, and is now valued at well in excess of £100bn, even before the integration of Atlantic Richfield.

Dealers said the shares had rocketed behind a rising oil price and an ever-increasing stock shortage.

Not only did the strength of BP promote substantial strength in Shell, as a proxy for the biggest FTSE 100 stock, but the latter responded to vague rumours that a Shell merger/acquisition of Elf.

The French oil group, was a strong possibility.

But there was no doubting the overwhelming market story, the shift of cash out of most of the market's favourites of recent years, the telecoms, pharmaceuticals and some of the banks, into the cyclical areas of the market.

Those areas of the market, according to gleeful stockbrokers enjoying one of the most lucrative trading periods of recent months, included the oil and metals, including stocks as well as many of the engineering stocks, which partly accounted for the latest jump in the FTSE 250.

A weary-looking FTSE 100 was left with a 45.5 decline at 6,420.5.

Its third straight loss and a fall of 52.2 or 0.9 per cent over the week.

Early in the session, as the Asda/Kingfisher story whipped up some initial excitement, the index had rushed up through 6,500, hitting 6,513.2, before sliding back and eventually threatening to dip back below 6,400.

Contrasted with that sorry performance was a rampant FTSE 250 index, which at its best looked likely to post a three-figure gain, before it eventually settled for an 88.3 rise at 5,785.2.

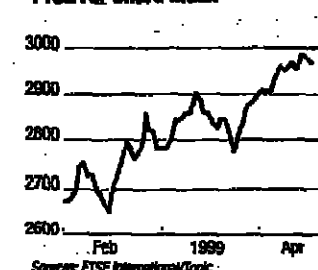
Over the five-day period and with sentiment in the cyclical stocks galvanised by the sudden surge in US manufacturing stocks, the FTSE 250 rose 232.2,

or 4.2 per cent. The index closed yesterday at 5,786.2, up 88.3.

There was a late burst of strength in the smallcaps too, with the FTSE SmallCap index, which tended to be left behind by the midcaps for much of the session, coming with a late burst to finish 18 higher at 2,457.1.

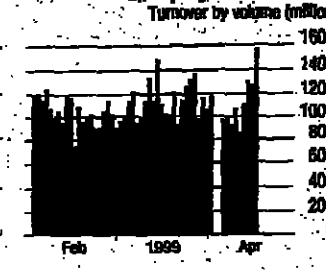
Turnover, as expected on a day when the Asda/Kingfisher deal broke and as the institutions began to panic and chase the oil majors, came in at 1.6bn shares, the highest daily total in months. Asda and Tesco accounted for 170m shares, or 10 per cent of the overall figure, while BP Amoco and Shell accounted for another 90m shares, or 5.5 per cent.

## FTSE All-Share Index



Source: FTSE International/Topic

## Equity shares traded



Source: FTSE International/Topic

## Indices and ratios

| Index              | Value  | Change |
|--------------------|--------|--------|
| FTSE 100           | 6420.5 | -45.5  |
| FTSE 250           | 5785.2 | +88.3  |
| FTSE All-Share     | 2786.2 | +0.9   |
| FTSE 100/250       | 1.12   | -0.01  |
| FTSE 100/All-Share | 2.32   | -0.01  |
| FTSE 100/250       | 1.12   | -0.01  |
| FTSE 100/All-Share | 2.32   | -0.01  |
| FTSE 100/250       | 1.12   | -0.01  |
| FTSE 100/All-Share | 2.32   | -0.01  |

## FTSE 100 Index

| Index              | Value  | Change |
|--------------------|--------|--------|
| FTSE 100           | 6420.5 | -45.5  |
| FTSE 250           | 5785.2 | +88.3  |
| FTSE All-Share     | 2786.2 | +0.9   |
| FTSE 100/250       | 1.12   | -0.01  |
| FTSE 100/All-Share | 2.32   | -0.01  |
| FTSE 100/250       | 1.12   | -0.01  |
| FTSE 100/All-Share | 2.32   | -0.01  |
| FTSE 100/250       | 1.12   | -0.01  |
| FTSE 100/All-Share | 2.32   | -0.01  |

## TRADING VOLUME IN MAJOR STOCKS

| STOCKS       |        |     |              |              |
|--------------|--------|-----|--------------|--------------|
|              | Vol    | Cl  | Day's change |              |
| WINGCAP      | 54,374 | 876 | -12          | Ludlow       |
| USIA Group   | 1,474  | 806 | -17          | Long Century |
| Wing Medical | 1,474  | 806 | -20          | Long Century |
| Wing Medical | 1,474  | 806 | -20          | Long Century |
| Wing Medical | 1,474  | 806 | -20          | Long Century |
| Wing Medical | 1,474  | 806 | -20          | Long Century |
| Wing Medical | 1,474  | 806 | -20          | Long Century |
| Wing Medical | 1,474  | 806 | -20          | Long Century |
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| Wing Medical | 1,474  | 806 | -20          | Long Century |
| Wing Medical |        |     |              |              |



## LONDON SHARE SERVICE

## AEROSPACE &amp; DEFENCE

| Company     | Price  | Change |
|-------------|--------|--------|
| Bombardier  | 120.00 | +1.00  |
| Boeing      | 110.00 | +1.00  |
| BAE Systems | 100.00 | +1.00  |
| Rolls Royce | 90.00  | +1.00  |
| QinetiQ     | 80.00  | +1.00  |
| Thales      | 70.00  | +1.00  |
| BAE Systems | 60.00  | +1.00  |
| BAE Systems | 50.00  | +1.00  |
| BAE Systems | 40.00  | +1.00  |
| BAE Systems | 30.00  | +1.00  |
| BAE Systems | 20.00  | +1.00  |
| BAE Systems | 10.00  | +1.00  |

## AUTOMOBILES

| Company       | Price  | Change |
|---------------|--------|--------|
| Volvo         | 120.00 | +1.00  |
| BMW           | 110.00 | +1.00  |
| Audi          | 100.00 | +1.00  |
| Mercedes-Benz | 90.00  | +1.00  |
| Ford          | 80.00  | +1.00  |
| Vauxhall      | 70.00  | +1.00  |
| Renault       | 60.00  | +1.00  |
| Nissan        | 50.00  | +1.00  |
| Toyota        | 40.00  | +1.00  |
| Honda         | 30.00  | +1.00  |
| Subaru        | 20.00  | +1.00  |
| Mazda         | 10.00  | +1.00  |

## BANKS

| Company          | Price  | Change |
|------------------|--------|--------|
| Barclays         | 120.00 | +1.00  |
| HSBC             | 110.00 | +1.00  |
| Bank of America  | 100.00 | +1.00  |
| Wells Fargo      | 90.00  | +1.00  |
| Citigroup        | 80.00  | +1.00  |
| JP Morgan Chase  | 70.00  | +1.00  |
| Deutsche Bank    | 60.00  | +1.00  |
| Commerzbank      | 50.00  | +1.00  |
| Industriale Bank | 40.00  | +1.00  |
| Landesbank       | 30.00  | +1.00  |
| Sparkasse        | 20.00  | +1.00  |
| Volksbank        | 10.00  | +1.00  |

## BEVERAGES

| Company   | Price  | Change |
|-----------|--------|--------|
| Diageo    | 120.00 | +1.00  |
| Heineken  | 110.00 | +1.00  |
| Carlsberg | 100.00 | +1.00  |
| Asahi     | 90.00  | +1.00  |
| Daikin    | 80.00  | +1.00  |
| Yokohama  | 70.00  | +1.00  |
| Sanmar    | 60.00  | +1.00  |
| Asahi     | 50.00  | +1.00  |
| Daikin    | 40.00  | +1.00  |
| Yokohama  | 30.00  | +1.00  |
| Sanmar    | 20.00  | +1.00  |
| Asahi     | 10.00  | +1.00  |

## CHEMICALS

| Company  | Price  | Change |
|----------|--------|--------|
| Shell    | 120.00 | +1.00  |
| BP       | 110.00 | +1.00  |
| Exxon    | 100.00 | +1.00  |
| Amoco    | 90.00  | +1.00  |
| Conoco   | 80.00  | +1.00  |
| Phillips | 70.00  | +1.00  |
| Amoco    | 60.00  | +1.00  |
| Conoco   | 50.00  | +1.00  |
| Phillips | 40.00  | +1.00  |
| Amoco    | 30.00  | +1.00  |
| Conoco   | 20.00  | +1.00  |
| Phillips | 10.00  | +1.00  |

## ELECTRICITY

| Company         | Price  | Change |
|-----------------|--------|--------|
| EDF             | 120.00 | +1.00  |
| British Nuclear | 110.00 | +1.00  |
| Electricity     | 100.00 | +1.00  |
| Gas             | 90.00  | +1.00  |
| Water           | 80.00  | +1.00  |
| Telecom         | 70.00  | +1.00  |
| Media           | 60.00  | +1.00  |
| Health          | 50.00  | +1.00  |
| Food            | 40.00  | +1.00  |
| Textiles        | 30.00  | +1.00  |
| Chemicals       | 20.00  | +1.00  |
| Automobiles     | 10.00  | +1.00  |

## ELECTRONIC &amp; ELECTRICAL EQUIPMENT

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## CONSTRUCTION &amp; BUILDING MATERIALS

| Company | Price  | Change |
|---------|--------|--------|
| Arcon   | 120.00 | +1.00  |
| Arcon   | 110.00 | +1.00  |
| Arcon   | 100.00 | +1.00  |
| Arcon   | 90.00  | +1.00  |
| Arcon   | 80.00  | +1.00  |
| Arcon   | 70.00  | +1.00  |
| Arcon   | 60.00  | +1.00  |
| Arcon   | 50.00  | +1.00  |
| Arcon   | 40.00  | +1.00  |
| Arcon   | 30.00  | +1.00  |
| Arcon   | 20.00  | +1.00  |
| Arcon   | 10.00  | +1.00  |

## ENGINEERING &amp; MACHINERY

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## FOOD &amp; DRUG RETAILERS

| Company   | Price  | Change |
|-----------|--------|--------|
| Asda      | 120.00 | +1.00  |
| Next      | 110.00 | +1.00  |
| Primark   | 100.00 | +1.00  |
| Debenhams | 90.00  | +1.00  |
| Next      | 80.00  | +1.00  |
| Primark   | 70.00  | +1.00  |
| Debenhams | 60.00  | +1.00  |
| Next      | 50.00  | +1.00  |
| Primark   | 40.00  | +1.00  |
| Debenhams | 30.00  | +1.00  |
| Next      | 20.00  | +1.00  |
| Primark   | 10.00  | +1.00  |

## FOOD PRODUCERS &amp; PROCESSORS

| Company  | Price  | Change |
|----------|--------|--------|
| Unilever | 120.00 | +1.00  |
| Unilever | 110.00 | +1.00  |
| Unilever | 100.00 | +1.00  |
| Unilever | 90.00  | +1.00  |
| Unilever | 80.00  | +1.00  |
| Unilever | 70.00  | +1.00  |
| Unilever | 60.00  | +1.00  |
| Unilever | 50.00  | +1.00  |
| Unilever | 40.00  | +1.00  |
| Unilever | 30.00  | +1.00  |
| Unilever | 20.00  | +1.00  |
| Unilever | 10.00  | +1.00  |

## HOUSEHOLD GOODS &amp; TEXTILES

| Company   | Price  | Change |
|-----------|--------|--------|
| Next      | 120.00 | +1.00  |
| Primark   | 110.00 | +1.00  |
| Debenhams | 100.00 | +1.00  |
| Next      | 90.00  | +1.00  |
| Primark   | 80.00  | +1.00  |
| Debenhams | 70.00  | +1.00  |
| Next      | 60.00  | +1.00  |
| Primark   | 50.00  | +1.00  |
| Debenhams | 40.00  | +1.00  |
| Next      | 30.00  | +1.00  |
| Primark   | 20.00  | +1.00  |
| Debenhams | 10.00  | +1.00  |

## INFORMATION TECHNOLOGY HARDWARE

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## CONSTRUCTION &amp; BUILDING MATERIALS - Continued

| Company | Price  | Change |
|---------|--------|--------|
| Arcon   | 120.00 | +1.00  |
| Arcon   | 110.00 | +1.00  |
| Arcon   | 100.00 | +1.00  |
| Arcon   | 90.00  | +1.00  |
| Arcon   | 80.00  | +1.00  |
| Arcon   | 70.00  | +1.00  |
| Arcon   | 60.00  | +1.00  |
| Arcon   | 50.00  | +1.00  |
| Arcon   | 40.00  | +1.00  |
| Arcon   | 30.00  | +1.00  |
| Arcon   | 20.00  | +1.00  |
| Arcon   | 10.00  | +1.00  |

## ENGINEERING &amp; MACHINERY - Continued

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## FOOD &amp; DRUG RETAILERS - Continued

| Company   | Price  | Change |
|-----------|--------|--------|
| Asda      | 120.00 | +1.00  |
| Next      | 110.00 | +1.00  |
| Primark   | 100.00 | +1.00  |
| Debenhams | 90.00  | +1.00  |
| Next      | 80.00  | +1.00  |
| Primark   | 70.00  | +1.00  |
| Debenhams | 60.00  | +1.00  |
| Next      | 50.00  | +1.00  |
| Primark   | 40.00  | +1.00  |
| Debenhams | 30.00  | +1.00  |
| Next      | 20.00  | +1.00  |
| Primark   | 10.00  | +1.00  |

## FOOD PRODUCERS &amp; PROCESSORS - Continued

| Company  | Price  | Change |
|----------|--------|--------|
| Unilever | 120.00 | +1.00  |
| Unilever | 110.00 | +1.00  |
| Unilever | 100.00 | +1.00  |
| Unilever | 90.00  | +1.00  |
| Unilever | 80.00  | +1.00  |
| Unilever | 70.00  | +1.00  |
| Unilever | 60.00  | +1.00  |
| Unilever | 50.00  | +1.00  |
| Unilever | 40.00  | +1.00  |
| Unilever | 30.00  | +1.00  |
| Unilever | 20.00  | +1.00  |
| Unilever | 10.00  | +1.00  |

## HOUSEHOLD GOODS &amp; TEXTILES - Continued

| Company   | Price  | Change |
|-----------|--------|--------|
| Next      | 120.00 | +1.00  |
| Primark   | 110.00 | +1.00  |
| Debenhams | 100.00 | +1.00  |
| Next      | 90.00  | +1.00  |
| Primark   | 80.00  | +1.00  |
| Debenhams | 70.00  | +1.00  |
| Next      | 60.00  | +1.00  |
| Primark   | 50.00  | +1.00  |
| Debenhams | 40.00  | +1.00  |
| Next      | 30.00  | +1.00  |
| Primark   | 20.00  | +1.00  |
| Debenhams | 10.00  | +1.00  |

## INFORMATION TECHNOLOGY HARDWARE - Continued

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## INSURANCE

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## INVESTMENT COMPANIES

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## INVESTMENT COMPANIES - Continued

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## INVESTMENT COMPANIES - Continued

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## INVESTMENT COMPANIES - Continued

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |

## INVESTMENT COMPANIES - Continued

| Company    | Price  | Change |
|------------|--------|--------|
| Siemens    | 120.00 | +1.00  |
| Hitachi    | 110.00 | +1.00  |
| Sharp      | 100.00 | +1.00  |
| Panasonic  | 90.00  | +1.00  |
| Sony       | 80.00  | +1.00  |
| Philips    | 70.00  | +1.00  |
| Grundig    | 60.00  | +1.00  |
| Telefunken | 50.00  | +1.00  |
| Grundig    | 40.00  | +1.00  |
| Telefunken | 30.00  | +1.00  |
| Grundig    | 20.00  | +1.00  |
| Telefunken | 10.00  | +1.00  |











# Dow takes choppy ride on switching

**AMERICAS**  
The churning of investments out of technology and other growth sectors was evident on Wall Street again yesterday, producing a choppy start to trading, writes Richard Waters in New York.

The Dow Jones Industrial Average saw-sawed as stocks that are dependent on the economic health of the emerging markets continued to benefit from the switch, along with energy companies. Formerly high-flying technology and pharmaceutical companies retreated further, meanwhile, extending the week's losses in the Nasdaq stock market.

By early afternoon, a volatile Dow was showing a small 5.33 gain, leaving it at 10,488.55, while the Standard & Poor's 500 index was 1.03 lower at 1,321.83 and the Nasdaq composite had declined 8.82 to 2,512.95.

The Dow's gain reflected a partial recovery of optimism about two companies that had been battered by last year's downturn in the emerging markets.

Eastman Kodak jumped 5.6%, or 8.9 per cent, to \$72.47 after it reported strong growth in China and signs that sales in other emerging markets were rebounding.

Caterpillar rose 1.1%, or 2.7 per cent, to \$33.45. Despite reporting first quarter earnings that were lower than a year before, Caterpillar still beat analysts' expectations and has seen its shares climb by 30 per cent in the past week.

Chevron and Exxon, both members of the Dow, extended the rally that took hold in the energy sector at

the start of last month. Chevron rose 3.1% to \$38.34, taking its gain to 30.8% since early March, while Exxon added 1.1% to \$79.41, leaving it with a 22 per cent advance.

The search for undervalued cyclical stocks also reached the steel sector, with Bethlehem Steel 1.5%, or 10 per cent, to \$10.47. LTV, Armco and Birmingham Steel all rose by more than 4 per cent.

TORONTO moved higher in early trading, lifted by surging golds and other resource-based stocks.

In golds, Barrick rose 1.25% to C\$27.30 and Placer Dome 95 cents to C\$17.90. Nickel miner Inco added 70 cents to C\$24.55 while Potash Corp of Saskatchewan gained C\$1.95 to C\$39.20.

Banks were mixed. Royal Bank of Canada improved 1.1% to C\$37.75, but Canadian Imperial softened 25 cents to C\$42.35. Among industrials, Alcan Aluminium improved 40 cents to C\$44.

The benchmark 300 composite index was up 31.71 to 7,022.20 at noon.

CARACAS shot forward as political concerns faded following hopes that the conflict between president Hugo Chavez and the opposition dominated congress would end. At mid-session the IBC index was up 456.82 at 5,086.54, a gain of 10 per cent.

SAO PAULO also gained ground with the market rapidly reversing Thursday's losses. Telebras rose 1.5 per cent to R\$152.60. The Bovespa index was up 224 or 2 per cent at 11,469 at mid-session.

# Jo'burg rises on golds

## SOUTH AFRICA

Rampaging golds pushed the broad market in Johannesburg ahead for the sixth successive session.

This helped to lift the all share index by 146.9 or 2.3

per cent to close at 6,932.3. Golds surged 23.6 to 3,220.4, a gain of 7.8 per cent after a wave of strong bullion led buying.

Mining giant Anglo American rose R23.60 or 8.6 per cent higher at R236.60.

## EUROPE

European equities closed the week modestly lower, although the flight to cyclical remained the dominant theme. The oil and gas, and forestry and paper sectors both registered rises on the day of more than 4 per cent.

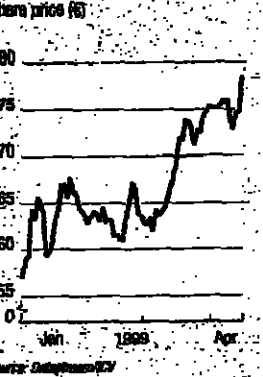
The FTSE Euro Stoxx 100 index, which covers the leading companies in countries which have joined monetary union, closed 4.73 weaker at 1,089.97. The FTSE Euro Stoxx 100 index, covering countries both inside and outside Euro, slipped 23.36 to 2,977.34, while the broader FTSE Euro Stoxx 300 index closed edged 4.25 lower to 1,289.14.

FRANKFURT reversed early gains to close with the Xetra Dax index off 46.70 to 5,143.02 on the day and little changed on the week.

MAN pushed ahead strongly, adding 22.06 to 290.60 after JP Morgan took a bullish stance on the truck and machinery maker's earnings outlook.

Deutsche Telekom, which

## PHILIPS



put out a downbeat trading statement on Thursday, lost a further 5 cents at 63.15 as investors reacted coolly to reports of a potential merger with Telecom Italia. In financials, Munich Re shed 69.26 at 618.

PARIS suffered more losses but recovered from its lows in the last few minutes of trading following a large order for selected stocks.

The CAC-40 closed down 8.73 or 0.2 per cent to 4,300.91.

# Bangkok boosted by financials

**ASIA PACIFIC**  
Explosive gains by financials lifted BANGKOK by 8.5 per cent as investors caught up with the recent sharp gains for Asian markets after their three-day holiday break.

Banks powered ahead by 8.4 per cent and the finance sector gained 10.7 per cent. The benchmark SET index ended 81.86 higher at 402.4, its second steepest gain this year following the 10.8 per cent advance racked up on February 12.

Bangkok Bank added 8.4% to B\$85.50 and Krung Thai Bank B\$1.50 to B\$20.

TOKYO nudged higher on the back of a rebound of New York's Nasdaq composite index, writes Alexandra Nishman.

The Nikkei 225 Average closed up 134.50 to 18,851 after trading between 16,754 and 16,975.

The more representative weighted Nikkei 300 climbed 1.68 to 269.02. And the Topix index of all first-section shares rose 1.1 to 1,343.03.

A total of 779m shares traded against 634m on

Thursday. Advancers outnumbered decliners 670 to 522.

Tech stocks rose following Thursday's 0.6 per cent move by the technology-oriented Nasdaq composite index.

## THE WEEK'S CHANGES

|              | % change |
|--------------|----------|
| Jakarta      | +14.0    |
| Bangkok      | +8.5     |
| Singapore    | +8.3     |
| Manila       | +6.1     |
| Seoul        | +5.5     |
| Kuala Lumpur | +5.4     |
| Hong Kong    | +4.8     |
| Taipei       | +2.7     |
| Wellington   | +1.6     |
| Sydney       | +1.3     |

NEC was up 3.7 per cent to Y49 to Y1,310. Toshiba climbed Y11 to Y810.

However, the yen rose to Y118 against the dollar, prompting investor caution.

A strong yen hurts Japan's exporters, including high-technology companies, making their products less competitive overseas. Sony fell 2 per cent to Y240 to Y11,610.

The mining industry was

The unusual order drove France Telecom sharply higher. The stock had first dipped 4.2 per cent on unconfirmed reports of merger talks between Telecom Italia and Deutsche Telekom. It then jumped to 60.80 minutes before the close, ending 42.90 or 3.7 per cent higher.

Meanwhile, Saint-Gobain saw its earlier gain instantly turn into a 6.50 or 3.7 per cent loss to 41.85.

In the telecom sector, Alcatel edged 0.70 to 6.6 per cent to 612.80 after it said it was in talks to develop its screen phone product in the US.

AMSTERDAM added 6.24 to 548.45 on the AEX index on strong performance from a range of heavyweight stocks.

Philips gained 4.70 or 6.4 per cent to 67.50 while Royal Dutch added 2.45 at 632. ARN Amro rose 80 cents to 620.45 in 25.4m shares traded.

ZURICH felt the effect of further selling in the heavily weighted pharmaceuticals sector, in line with recent

pressure on US drugs stocks and the SMI index registered a fall of 8.3 to 7,164.5.

Novartis slid SF741 to SF72.359 and Roche certificates finished SF7380 lower at SF717.260.

Among the chemicals, Clariant rose SF724 to SF7765, while Ciba, which had suffered from profit-taking on Thursday after repeating a downbeat outlook for 1999, slipped another SF71 to SF711.75.

Balotex, which reported stronger-than-expected 1998 results, slipped SF755 to SF71.265 with some investors expecting concrete news from the company in the wake of periodically resurfacing takeover rumours.

MADRID plunged 2 per cent after the government announced a batch of utility tariff cuts to curb inflation. Telefonica went down the news, losing 1.71 to 640.55.

The general index settled 17.45 lower to 670.10.

ERLANGER edged lower, erasing early gains influenced by the expiry of options on the index and on individual

# through the 12,000 resistance level

HSBC led the charge with a HK\$7 rise to HK\$277, equalling the record close for the stock.

Telecom shares also soared, with US funds seen as big buyers. HK Telecom jumped HK\$1.45 or 8.5 per cent to HK\$18.55 and China Telecom put on K\$1.10 or 7.8 per cent to HK\$15.15.

BOHAI rebounded 6.4 per cent, posting the largest single day percentage gain in months as hopes rose for the government's survival after a breakaway regional party pledged their support. The BSE-30 index climbed 215.79 to 3,573.91.

The Bharatiya Janata Party-led coalition which was deserted by one of its allies earlier in the week is faces a vote of confidence in parliament today.

The feeling grew among investors that it would win a fresh lease of life following the support pledged by the regional Indian National Lok Dal party which has four deputies in the lower house of parliament.

Banking shares were also in focus after another flurry of speculation about alliances. Banca Intesa fell 3.1 per cent to 65.47 after a report it was considering a linkup with BCI, whose shares gained 1.6 per cent to 67.30.

Telecom Italia gathered strength, rising 3 per cent to 69.88, although some analysts expressed scepticism over a Financial Times report about plans for a merger with Deutsche Telekom to fend off Olivetti's hostile takeover offer. Olivetti slipped 0.3 per cent to 62.95.

Written and edited by Michael Morgan, Jeffrey Brown, Bertrand Benoit and Mark Hewitt

## FTSE Actuaries Share Indices

FTSE actuaries share indices are published weekly by FTSE Actuaries

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## COMPANIES &amp; FINANCE

TELECOMMUNICATIONS SERVICES JAPANESE GROUP INSISTS NTT OFFER WAS MORE ATTRACTIVE

## C&amp;W considers legal action over IDC bid

By Gillian Telf in Tokyo and  
Alan Cane in London

Cable and Wireless, the UK communications group, is considering legal action as one option in support of its \$2.2bn bid for International Digital Corporation, a Japanese rival.

The move follows the IDC board's rejection on Thursday of Cable and Wireless's bid in favour of a takeover by Nippon Telegraph and Telephone, Japan's

dominant domestic operator. IDC insists it selected the NTT bid because it was financially more attractive and provided better guarantees for staff.

NTT has offered to find jobs for all IDC's current employees in its main company or subsidiaries.

Roughly three-quarters of the IDC board voted in favour of the NTT bid.

The three Cable and Wireless representatives were not allowed to vote because of

conflict of interest. Rod Olsen, former deputy chief executive, and representatives of AirTouch of the US abstained because they said they had been given insufficient information.

Some company officials involved in the deal said IDC rejected the Cable and Wireless bid because the British company used aggressive tactics which were judged to be "un-Japanese".

However, Cable and Wireless, which has been a share-

holder in IDC for 10 years, argued that the decision undermined Japan's commitment to open the telecommunications market to foreign entrants, since NTT is majority owned by the Japanese government.

The case now threatens to provoke trade tensions between the UK and Japan. It could become a key test of corporate Japan's attitude to deregulation.

IDC has indicated that Cable and Wireless would be

forced to relinquish its current 17.7 per cent holding if the NTT bid is accepted.

Executives at Cable and Wireless yesterday indicated that the British company was now "studying all its options", including legal action to contest the NTT bid.

However, since lawsuits have traditionally been regarded as very damaging in Japan, Cable and Wireless officials hope to continue fighting the case by other

means first.

Next week, for example, Cable and Wireless will attempt to persuade shareholders to endorse its bid by promising to match, or better, the NTT offer.

Cable and Wireless is also considering appealing for political support.

Steven Evers, the trade and industry secretary, has recently written a strongly worded letter to the Japanese government over the case.

## NEWS DIGEST

## HOUSEHOLD GOODS &amp; TEXTILES

## William Baird makes £13m acquisition

William Baird, the Scottish textiles group, is paying £13m for Lowe Alpine, a maker of branded outdoor clothing and equipment. Baird will also take on £3m of debt from Phil-  
drew Ventures, the venture capitalist which bought Lowe in 1988 for £14.4m.

Tim Score, Baird's finance director, said buying Lowe, which is based in the Lake District, was part of his group's strategy of building its portfolio of international clothing brands, which account for about 60 per cent of sales. The remainder is contract manufacturing for Marks and Spencer; this part of the business has been under pressure over the past year because of reduced demand from the retailer.

Lowe, which made pre-tax profits of £1.6m on turnover of £33.3m in the year to March 31 1998, has two-thirds of its sales outside the UK and subsidiaries in Germany, France and the US. Mr Score said it would complement Baird's Tenson active wear brand, which is strong in Scandinavia.

Following the deal, Baird will have gearing of about 5 per cent and Mr Score said it could afford to spend a further £100m on acquisitions. He said: "We have taken the view that outdoor, leisure and active wear are the growing areas of clothing, not men's formal wear. We are not too concerned about diluting the impact of M&S business on our portfolio." Thorold Barker

## DISTRIBUTORS

## Ross warns on trading

Ross Group, the automotive electronics company, warned that 1998 profits would be at a similar level to the £363,000 pre-tax figure achieved during the opening half. The company made profits of £490,000 in 1997. It blamed continued difficult market conditions for the weakness. Ross shares fell 1/4p to 2 1/4p, giving it a market value of £3.68m.

## IN BRIEF

**BANDT** has amalgamated its industrial services activities into one unit to be called FK Multiservice. **CLYDEPORT TRANSPORT**, a subsidiary of Clydeport, has acquired Dumfries-based Gray Brothers (Haulage Contractors), for £450,000 cash.

**FURLONG HOMES** plans to raise £2.05m through a placing of 1.2m shares at 170p. The funds will be used to acquire additional sites and increase development. Furlong is advised by Shore Capital.

**GOLDSMITHS** Offer from Midghosts, an MBO vehicle backed by Alchemy Partners, has been accepted in respect of 2.15m (9 per cent) Goldsmiths shares. In total, Midghosts has 39.5 per cent and the offer has been extended until April 24.

**M&S** Offer from Prudential accepted in respect of 29.9m shares (39.8 per cent) and remains open until May 6. The Pru now owns, or has acceptance for, 62m M&S shares (82.5 per cent).

**SIDRAW** said Danisco's £106.4m offer has been declared unconditional. The Danish supplier of packaging and food ingredients owned or had received acceptance totalling 95.1 per cent of the equity of the UK packaging company.

## Airtours may launch bid for First Choice

By Jo Johnson and  
Saharazadeh Damschke

Airtours, the tour operator, is believed to be preparing a hostile all-share counter bid for First Choice, which is proposing to merge with Switzerland's Kuoni.

If Airtours' bid succeeds, the group would wrest leadership of the UK tour operating market from Thomson Travel and, with a combined market capitalisation of about £3bn (£4.5bn), would be a contender for FTSE 100 membership.

The Airtours bid is expected to be worth £200-250p a share, valuing First Choice at £744m-£778m. First Choice shares closed at 170p.

Airtours is waiting for Kuoni to post its offer document before launching its counter bid. The document is likely to contain financial information on First Choice that could influence Airtours' bid.

Since the combined group would have 21 per cent of the UK tour operating market, according to the British National Travel Survey, against Thomson's 19 per cent, any bid is likely to attract scrutiny from UK and European Union competition authorities. In addition, by upsetting the bal-

ance of power in the UK market, a bid could attract counter offers from Thomson Travel and possibly from Thomas Cook, controlled by Preussag, the acquisitive German industrial group.

Airtours is also anxious to receive prior public support from important First Choice shareholders, who rejected an Airtours offer for the company in 1988.

Cost savings arising from the takeover are estimated by analysts at about £20m. That would enable Airtours to offer First Choice shareholders a significant premium. By contrast, the proposed all-premium agreed merger with Kuoni has been criticised for failing to address First Choice's strategic weakness in not owning its own travel agency outlets and for offering no obvious cost savings.

Phillips & Drew, which holds 10 per cent of First Choice, said: "The Kuoni deal is the only one on the table at the moment and it stacks up. But if a UK player were to come in, we would look at it closely."

There has been speculation that Airtours might bid for the combined Kuoni/First Choice group.

Lex, Page 24

## EU probe into Cadbury-Coke sale

By John Williams in London and  
Emma Tucker in Brussels

Cadbury Schweppes' sale of its soft drink interests outside the US to Coca-Cola is under investigation by the European Commission, which believes the deal may need to clear EU competition hurdles before it can proceed.

The Commission thinks that while the deal appears to fall below the thresholds for EU scrutiny, it may in reality exceed them. It has sent a questionnaire to the two groups and their competitors to seek their views.

If Coke and Cadbury are found to have broken EU rules by not submitting the deal for Commission approval, they could face fines. However, the Commission said yesterday fines were unlikely given the uncertainty over whether the rules apply in this case.

The £1.65bn (£1.15bn) deal involves the sale of soft drinks such as Dr Pepper, Seven-Up, Canada Dry and Schweppes to Coke, but not the associated bottling operations. The sale excludes the US and France.

The deal has been submitted to several EU member states for approval, given Coke's dominance in the soft drinks market in many European countries. It has been cleared in Ireland and Finland, and is thought unlikely to be vetoed in the UK where the two groups' drinks are distributed by a single company - Coca-Cola



Views on vending: Brussels must decide whether to include value of Cadbury's bottling operations AP

Schweppes Beverages.

It would need to be approved by Brussels if the joint turnover of the two drinks franchise part of its business is less than £250m. The deal has already fallen foul of regulators in Australia where the two companies have been forced to submit a new plan that would leave Cadbury in the soft drink business to provide competition for Coke.

top the £250m threshold. But Cadbury believes its EU revenues on the soft drink franchise part of its business are less than £250m. In calculating its revenues, it excludes income from bottling which is not being sold as part of the Coke deal.

The Commission's questionnaire is designed to help it decide whether the value

of Cadbury's bottling activities should be included when calculating its EU revenues from soft drinks.

The deal has already fallen foul of regulators in Australia where the two companies have been forced to submit a new plan that would leave Cadbury in the soft drink business to provide competition for Coke.

## Notice of scheme meeting

IN THE HIGH COURT OF SOUTH AFRICA  
(Witwatersrand Local Division)

In the matter of the application of:

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 01/05309/06)

Case No: 99/8840  
P/H No: 342

Applicant

Notice is given in terms of an Order of Court dated Thursday, 15 April 1999 in the above matter that the High Court of South Africa (Witwatersrand Local Division) has ordered a meeting of the shareholders of Anglo American Corporation of South Africa Limited ("AAC"), to be held on Friday, 7 May 1999 at 10:00 on the 18th Floor, 55 Marshall Street, Johannesburg, under the chairmanship of Charles Leonard Vekies, an attorney of this Honourable Court, or failing him any other independent attorney or advocate nominated by Webber Wentzel, for the purpose of considering and, if deemed fit, of approving, with or without modification, the scheme of arrangement ("the scheme") proposed by Anglo American plc ("Anglo American") between AAC and its shareholders, which scheme will be submitted to such meeting, provided that the meeting will not be entitled to agree to any modification to the said scheme which has the effect of diminishing the rights accruing to shareholders of AAC in terms of that scheme.

The basic characteristic of the scheme is that, in the context of the combination of AAC with Minorco to form Anglo American, Anglo American will acquire all the shares in AAC held by scheme participants in terms of the scheme on the record date, which is expected to be Friday, 21 May 1999, in consideration for shares in Anglo American, on the basis of one Anglo American share for every one AAC share held on the record date, such consideration to be made available from the 28th business day following such record date, which date of availability is expected to be Friday, 28 May 1999. The scheme is conditional upon certain events, details of which appear in the explanatory statement.

Shareholders of AAC registered as such at the close of business on Thursday, 6 May 1999 and holders of bearer warrants who make the necessary arrangements, will be entitled to attend and vote at the scheme meeting. Holders of bearer warrants issued by the Applicant who wish to attend in person or by proxy, or to vote, at the scheme meeting must comply with the requirements of the "Conditions of Issue" and the Applicant's articles of association insofar as they relate to such warrants. A notice to holders of bearer warrants will be published contemporaneously with publication of this notice.

Copies of the scheme and an explanatory statement in terms of section 312 of the South African Companies Act No. 61 of 1973 (as amended), explaining the scheme, and a copy of the Order of Court convening the scheme meeting may be obtained on request from AAC at 44 Main Street, Johannesburg 2001, or the London office of AAC at 30 Ely Place, London EC1N 6QP, or the office of the transfer secretaries in South Africa, Computershare Services Limited, at 1st Floor, Edgars, 41 Fox Street, Johannesburg 2001 or the office of the Registrar in the United Kingdom, Computershare Services PLC, Caxton House, Redcliffe Way, Bristol (PO Box 82, Bristol BS99 7NH) during normal business hours from Thursday, 22 April 1999. Each shareholder of AAC may attend and vote in person or by representative at the meeting and may appoint any other person (who need not be a shareholder of AAC) as a proxy to attend, speak and vote in such shareholder's place. The required proxy form (blue) may be obtained on request from the addresses given above.

The proxy form should be completed and signed in accordance with the instructions printed thereon and should be lodged at or posted to the abovementioned transfer secretaries in South Africa or the abovementioned United Kingdom Registrar, to be received not later than 10:00 South African local time on Thursday, 6 May 1999 but if not so lodged or posted will nevertheless still be valid if properly completed, signed and accompanied by proof of appropriate authority and handed to the chairman of the meeting not later than 10 minutes before the meeting is due to commence. Where there are joint holders of AAC shares, any one of such persons may vote at the scheme meeting in respect of such shares as if he was solely entitled thereto but if more than one of such joint holders be present or represented at the scheme meeting, that one of the said persons whose name stands first in the register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof, as if he was the sole holder of such shares.

In terms of the Order of Court, the chairman of the meeting will report the result of that meeting to the above Honourable Court on Tuesday, 18 May 1999. A copy of such report will be available on request (free of charge) to any AAC shareholder at AAC's registered office (44 Main Street, Johannesburg 2001, South Africa) and AAC's London office (30 Ely Place, London EC1N 6QP, England) at least one week before such report back date.

The scheme is subject to certain conditions precedent stated in the scheme, one of such conditions being the sanction of the scheme by the above Honourable Court.

C.L. Vekies

Chairman of the scheme meeting

Attorneys to the scheme

Webber Wentzel

60 Main Street

Johannesburg

PO Box 61771, Marshalltown 2107

Tel: (011) 240-5000

Ref: JAK Jarvis/EM Sourhey

Friday, 16 April 1999

## Glaxo HIV drug wins US approval

By David Pilling,  
Pharmaceutical Correspondent

Glaxo Wellcome yesterday won US regulatory approval for Agenerase, an HIV drug that will bolster the UK pharmaceutical company's leadership in the antiretroviral market.

Agenerase is a protease inhibitor, one of three drugs used in the triple-drug cocktail that has revolutionised the treatment of AIDS. Although Glaxo has been a pioneer in antiretroviral therapy, Agenerase is

its first protease inhibitor and enables it to offer the full complement of HIV drugs.

Analysts' estimates of peak sales of the drug range between £250m and £500m. HIV therapy is extremely expensive and beyond the means of many sufferers, who live in the developing world.

Agenerase, whose scientific name is amprenavir, was discovered by Boston-based Vertex Pharmaceuticals. The approval triggered a \$5m (\$2m) payment to Ver-

tex, one of the best-known US biotechnology companies.

The drug, which Glaxo says has a longer half-life than other protease inhibitors, is taken twice a day rather than three times, as with most protease inhibitors. However, each dose consists of eight tablets, a potential drawback. Agenerase can be taken with or without food, a further advantage over some rivals.

Glaxo is likely to stress the ease of taking the product, particularly in conjunction with Combivir, its combination of two anti-HIV drugs.

Triple-therapy, although extremely effective in theory, often fails because of the difficulty in complying with relentlessly complicated regimes.

There is also some preliminary evidence that Agenerase may have fewer side-effects than other protease inhibitors, which have been implicated in disfiguring swellings known as "buffalo humps" and "protease paunches".

## Albright agrees Albemarle bid

By Charles Prebble

The battle for control of Albright & Wilson intensified yesterday after the UK chemicals group agreed to a higher offer worth \$502m (\$309m) from Albemarle Corporation, a US rival.

The 160p-a-share cash offer trumps one already on the table from Rhodia, the French chemicals group.

Last month it offered 145p-a-share for Albright, valuing it at \$455m. Rhodia yesterday said it would consider its position. Albright shares rose slightly above Albemarle's offer price amid hopes of a higher bid being tabled. The stock closed up 10p to 160p.

Rhodia had enjoyed the support of Phillips & Drew, the fund management group which owns a 23.1 per cent shareholding in Albright. It had pledged to back Rhodia's bid unless a rival one of 160p or more emerged.

Albemarle owns an 18.6 per cent stake in Albright

after moving into the market last month. When it made its first offer, that bid offered Albright shareholders 130p-a-share in cash, valuing the firm at \$408m.

Sir Christopher Benson, chairman of Albright, said: "We welcome the higher offer from Albemarle. The geographic spread, technology base and customer inter-

face are very complementary." The offer is more than double the price at which Albright shares stood in January immediately before it said it was in takeover talks.

Of the two bidders, Rhodia is thought to have more scope to extract cost savings from a takeover. Rhodia and Albright make surfactants - wetting and foaming agents - and phosphate-based chemicals used in products including agrochemicals and fire retardants.

Albemarle is being advised by CSFB and Albright is advised by Lazard Brothers. Rhodia is advised by NM Rothschild.

## Sainsbury to cut 300 jobs

By Suzanne Voyle

J Sainsbury, the embattled supermarket chain, yesterday revealed that it was suffering from poor sales growth, and unveiled a cost cutting programme that will lead to 300 job cuts.

Dino Adriano, chief executive, admitted that growth in turnover in the core food retailing division was unacceptable, with like-for-like sales in the last quarter up just 2.3 per cent.

The figures from Sainsbury - the number two player and former blue-blood of food retailing - compare to analyst estimates that Tesco, the market leader, achieved 5 per cent like-for-like growth over the same period.

Analysts yesterday said the figures underlined the need for management changes at the very top of Sainsbury.

Shares in Sainsbury rose 15 1/4p - or 4 per cent - to 380 1/4p, bolstered by the news

that rival Asda was in merger talks with Kingfisher, owner of stores including Woolworths.

Sainsbury has struggled to position itself in a market which has become more driven by value. It has traditionally based its approach on delivering higher quality. The appointment of a new management team last year has failed to solve the problems and in February the group was forced to admit that a high-profile advertising campaign to boost flagging sales had failed.

Mr Adriano said total group sales in the group's fourth quarter were 5.3 per cent higher and for the year to April 6 were 4.9 per cent up at £16.3bn (\$26.3bn). In the supermarkets, total sales were £12.1bn, an increase of 4.6 per cent - or 2.3 per cent like-for-like.

Mr Adriano blamed softening market conditions and the tough competitive environment.

## RESULTS

|                      | Turnover (£m)    | Pre-tax profit (£m) | EPS (p)         | Current dividend (p) | Date of payment | Dividends Company dividend | Total for year | Total last year |
|----------------------|------------------|---------------------|-----------------|----------------------|-----------------|----------------------------|----------------|-----------------|
| AGB                  | 3 mths to Mar 91 | 13.1 (8.66)         | 3.18 (1.66)     | 4t (2.5)             | -               | -                          | -              | -               |
| Golden Prospect      | 6 mths to Dec 91 | 0.053 (2.42)        | 0.1972 (8.114)  | 0.392 (2.27)         | -               | -                          | -              | -               |
| Harlow International | Yr to Dec 91     | 527.1 (447.5)       | 0.21 (8.29)     | 3.2t (10.5)          | 1.7             | July 2                     | 1.8            | 3.1             |
| James H. Matthews    | 6 mths to Jan 91 | 11 (10.5)           | 0.1222 (8.7584) | 0.04t (2.5)          | -               | -                          | -              | 1.6             |
| Ryssen               | Yr to Dec 91     | 16.5 (15.3)         | 0.2071 (8.147)  | 0.8t (8.4)           | -               | -                          | -              | -               |
| Spridgewood          | Yr to Dec 91     | 23.1 (12.7)         | 0.4442 (8.152)  | 3.9t (15.1)          | 2.9             | July 9                     | 2              | 4.5             |
| Spridgewood (incl)   | 6 mths to Oct 91 | 1.3 (1.46)          | 0.005 (0.002)   | 0.002 (0.002)        | -               | -                          | -              | -               |

|                   | Turnover (£m) | Pre-tax profit (£m) | EPS (p)     | Current dividend (p) | Date of payment | Dividends Company dividend | Total for year | Total last year |
|-------------------|---------------|---------------------|-------------|----------------------|-----------------|----------------------------|----------------|-----------------|
| Investment Trusts | Yr to Feb 98  | 177.1 (77.8)        | 1.62 (1.32) | 7.36 (7.75)          | 2.8             | May 21                     | 1.7            | 7.75            |
| Investment Trusts | Yr to Feb 98  | 177.1 (77.8)        | 1.62 (1.32) | 7.36 (7.75)          | 2.8             | May 21                     | 1.7            | 7.75            |

Figures shown basic. Dividends shown net. Figures in brackets are for corresponding period. 10p increased capital. 40m stock. 12 months to June 30 1998. 40m stock. 12 months to June 30 1998. 40m stock. 12 months to June 30 1998.

JAN 10 1999



## EUROPE GOVERNMENTS DISCUSS POSSIBILITY OF MERGER BETWEEN TELECOM ITALIA AND DEUTSCHE TELEKOM

## Italy, Germany in telecoms talks

By James Blitz in Rome and Ralph Atkins in Bonn

The Italian and German governments held preliminary talks yesterday on the possibility of a merger between Telecom Italia and Deutsche Telekom, as Rome confirmed it had been formally presented with proposals for such a move.

Following the Financial Times' disclosure that the two groups are in advanced talks, Massimo D'Alema, Italian prime minister, held a telephone conversation with Gerhard Schröder, the German chancellor, to discuss the possibility of such an alliance.

The talks took place as Italian ministers confirmed

that a plan for a merger had been formally presented to the Treasury by Franco Bernabè, Telecom Italia chief executive.

Speaking at a meeting of G7 finance ministers in Dresden, Vincenzo Visco, Italy's finance minister, said Mr Bernabè had informed Carlo Azeglio Ciampi, treasury minister, of the proposed merger late on Thursday night.

However, Mr Visco warned the proposal had "technical problems" - in particular, that Deutsche Telekom would have to be fully privatised by the German government, "otherwise it would be like selling Telecom Italia to the German state".

But a cautious welcome

came from Romano Prodi, president-designate of the European Commission and a former Italian prime minister. "If this merger had a 50-50 structure it would probably be very positive," Mr Prodi said.

Mr Prodi's support for any deal would be important if, as expected, it were analysed by the Commission on competition grounds. However, Mr Prodi said various aspects, including links between Deutsche Telekom and France Telecom, would need to be worked out.

The French and German operators have 2 per cent cross-shareholdings and are partners in several projects, including the Global One joint venture with Sprint of

the US. France Telecom said yesterday it had not been notified by Deutsche Telekom of the talks with Telecom Italia.

Both Deutsche Telekom and Telecom Italia remained silent on their discussions yesterday, with the German group again saying it would not take part in "speculation".

The initial reaction by the Bonn government - Deutsche Telekom's largest shareholder - was positive, although it insisted any decision would be for the company's management. "We would welcome anything that makes Deutsche Telekom competitive and strong," the finance ministry said.

The German government holds 48 per cent of Deutsche Telekom, with the Kreditanstalt für Wiederaufbau, the publicly-owned development bank, holding a further 24 per cent.

The finance ministry's stance yesterday indicated a willingness to take a flexible stance if necessary. A faster-than-planned reduction in the state's holding could become part of any deal at the insistence of Italy.

The German government is prevented from selling its Deutsche Telekom shares until the end of this year, but no plans have been fixed for the speed of subsequent disposals.

See Lex

## H&amp;M to expand into US market

By Tim Bart in Stockholm

Hennes & Mauritz, one of Europe's largest and most profitable clothes retailers, yesterday announced plans to move into the US market. The retailer - Sweden's third largest company in terms of market capitalisation - said it was in negotiations to open its first outlets in New York, where it would directly challenge established rivals such as Gap.

H&M already operates more than 500 stores in 12 European countries. The company announced the move after reporting a 68 per cent rise in first quarter profits yesterday.

In the first three months of the year, H&M saw pre-tax profits climb to SKr768m (\$81.6m) from SKr452m on sales of SKr7.28bn, compared with SKr5.81bn last time.

In addition to the possible US move, Fabian Månsson, chief executive, said the group would like to open 10 new stores in the UK, where it already has 26 outlets.

"In Germany we have 150 stores and a market share of 2 per cent. There is a good potential for opening more there too," he added.

Shares in the company, which is majority controlled by Swedish entrepreneur Stefan Persson, rose SKr61 or 8 per cent to SKr735. Mr Persson, whose family founded H&M in 1947, owns more than 30 per cent of the share capital and almost 70 per cent of the voting rights.

Analysts, who are predicting that full-year profits will rise from SKr3.39bn to about SKr4.5bn in 1999, said the margin improvement had been driven by a combination of store refurbishment, reduced purchasing costs and rising market share.

Volumes are expected to increase further as H&M opens about 70 new stores this year, while closing seven outlets in less favourable locations.

## Caterpillar sees upturn in Asia

By Nikki Tall in Chicago

Caterpillar, the big earthmoving equipment manufacturer that draws almost half its sales from outside the US, yesterday joined the chorus of US companies sensing a business upturn in the Asia-Pacific region, but warned it would take another three to six months before stability returned in Latin America.

"In developing Asia, some of the countries are stabilising," said Lynn McPheeters, chief financial officer. "We don't see a major rebound, but in 1998 we were buying back inventory and redistributing it." She said this process had now halted and tentatively turned round.

By contrast, Caterpillar expected recession in Latin America to continue, and that industry demand for machinery and engines would be "much lower" than in 1998.

The mixed analysis came as Caterpillar surprised the market with a smaller-than-expected profit fall for the first quarter of 1999. After-tax profits fell sharply from \$430m to \$305m, with earnings per share halving from \$1.15 to 57 cents. Sales rose by \$73m to \$4.87bn -

although without Perkins Engine, acquired last year, physical volumes would have fallen by 1 per cent.

But the group had already warned that profits would be more than halved, and forecasts had been cut to about 42 cents. It said some shipments, originally scheduled for the second quarter, had fallen since the warning.

Machinery sales were down 4 per cent at \$3.29bn, with most of the decline explained by Latin America, while engine sales were 15 per cent higher, thanks partly to Perkins, at \$1.31bn. The group maintained its forecast for the full year, expecting sales to be "slightly below 1998", and earnings per share to be 10-15 per cent lower.

It said that North America - firm in the first quarter - should see industry demand remain around 1998 levels, but warned its own sales would decline "primarily due to a reversal of last year's increase in dealer new machine inventory levels".

In Asia, industry would probably be flat, but company sales higher. Latin America looked bleaker, with both industry and company sales down significantly.

## Fiat and Bosch pool car lighting interests

By Paul Betts in Milan

Fiat of Italy is pursuing its strategy to strengthen its automotive operations with a joint venture between its Magneti Marelli car components subsidiary and Robert Bosch of Germany.

The two companies said they had agreed to pool their car lighting activities to create Europe's second largest car lighting business, behind Valeo of France.

The jointly held holding company will be based in Austria and become operational as soon as it obtains

necessary antitrust clearance. Bosch will contribute its worldwide lighting operations, which employ about 3,900. Annual turnover is about €400m (\$425m). The venture will also absorb Fiat's worldwide operations, which employ 2,500 with turnover of about €335m.

The venture is the latest in a series of recent Fiat alliances in a variety of automotive sectors. These include foundry components with Renault and industrial production systems and processes with Pico of the US.

## Optus in bid for rival AAPT

By Gwen Robinson in Sydney

Cable and Wireless Optus, Australia's second largest telecommunications company, yesterday announced a \$2.49bn (US\$950m) takeover bid for AAPT, the third largest.

C&W Optus, 52.8 per cent owned by Cable and Wireless of the UK, made the surprise announcement after the close of trading on the Australian stock market.

The cash offer of A\$5 a share would be conditional on C&W Optus securing at least 90 per cent of its target and obtaining the necessary regulatory approvals, said Chris Anderson, chief executive.

Allan Fels, chairman of the Australian Competition and Consumer Commission, the antitrust regulator, said the commission would investigate the proposal. The ACCC in recent weeks has blocked several deals, including Coca-Cola's initial plan to buy Cadbury Schweppes' beverage brands.

However, Mr Anderson said C&W Optus would not enter a bidding war for AAPT as it believed the offer was fairly priced.

said C&W Optus had consulted the ACCC before launching its bid and did not believe it would face competition concerns.

AAPT said its board would meet on Monday to discuss the bid and consider its options.

AAPT, which was founded by Australia's domestic news agency, AAP Communications, whose main shareholders are John Fairfax Holdings and News Corp, listed on the Australian stock market in 1997. AAP Communications now holds 17.3 per cent of AAPT.

Earlier on Friday, C&W Optus acquired a 10 per cent stake in AAPT on the open market at \$44.85 a share, which Mr Anderson said reinforced the view that A\$5 was a good price. Market talk of a possible bid pushed AAPT shares as high as A\$5.10 but they closed at A\$5.05, level with the bid.

Mr Anderson said C&W Optus would not enter a bidding war for AAPT as it believed the offer was fairly priced.

## Kodak recovery helped by emerging markets

By Richard Waters in New York

Eastman Kodak's on-again, off-again turnaround has picked up momentum this year, thanks to a partial recovery in emerging markets and powerful consumer demand at home, according to first-quarter earnings released yesterday.

Shares in the US photographic products company bounced from their recent lows yesterday, gaining 5% to trade at \$75. However, they remain nearly 20 per cent below the level reached in the middle of last year, when Wall Street's earlier optimism that Kodak had turned the corner faded.

The latest quarter saw a sales rebound in some emerging market countries, while sales in Brazil and Russia were down only 1 per cent from a year before, said George Fisher, chairman.

The company's push into China, one of the most ambitious mounted by a US consumer products company, also began to have an impact. Sales in the country



On the top: George Fisher AP

jumped 45 per cent as Kodak extended its marketing to "second-tier cities" and added inventory to new distributors. The impact of this push will only become apparent later this year, when the level of demand among final consumers becomes clear and the company is able to lower its costs by supplying the mar-

ket from its own Chinese manufacturing plants, Kodak said.

In the US, meanwhile, sales in the consumer film market experienced their second consecutive quarter of 9-10 per cent growth, which Kodak described as "highly unusual".

Despite a drop in sales to the motion picture industry, which had been one of the company's most profitable areas, overall revenues climbed by 6 per cent during the period, to \$1.8bn. The company's cost-cutting yielded another \$80m of savings, lifting its after-tax earnings (excluding one-off items) by 10 per cent. Kodak announced plans to buy back up to \$20m of its stock.

Reported earnings fell, however, due to a \$68m after-tax charge to cover the costs of leaving what Kodak called "non-strategic or underperforming" lines of business.

That left net income for the period at \$191m, or 69 cents a share, compared with \$225m, or 69 cents a share, a year before.

## FT/S&amp;P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, London, and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

| Reaction With the rally in Asia, and up on election of Asohara.   |       |       |                         |       |       |       |                          |       |       |       |              |       |       |       |       |       |
|---|-------|-------|-------------------------|-------|-------|-------|--------------------------|-------|-------|-------|--------------|-------|-------|-------|-------|-------|
| RETURNS   | FTSE  | S&P   | THURSDAY, APRIL 15 1999 |       |       |       | WEDNESDAY, APRIL 14 1999 |       |       |       | DOLLAR INDEX |       |       |       |       |       |
| COUNTRY   | INDEX | INDEX | Index                   | % chg | Index | % chg | Index                    | % chg | Index | % chg | Index        | % chg | Index | % chg | Index | % chg |
| Figures in parentheses show the number of times of |       |       |                         |       |       |       |                          |       |       |       |              |       |       |       |       |       |



## UK stores plan link to join superleague

By Peggy Hollinger

UK retailers Kingfisher and Asda plan a merger that will create a group with estimated sales of more than £19bn (\$31bn) and will establish them in Europe's stores superleague.

The two companies revealed yesterday they had resumed the merger talks that broke down almost exactly a year ago amid market speculation over a deal. They said they planned a full announcement when the deal was concluded on Monday.

A combined group would have UK sales of £15bn, equivalent to almost 8 per cent of the country's retail spend, serving 19m customers a week. It would be Europe's fifth largest retailer.

It is expected that Kingfisher would use Asda to sell products from its chains - Woolworth, B&Q, Comet and Superdrug - while Asda will find new outlets for its popular George clothing range.

The announcement was pro-

voked by mounting speculation following a sharp rise in Asda's share price in recent days. On Thursday, Asda shares rose 11 per cent, after a 5 per cent increase the previous day.

Investors appeared to be betting on a rival bid emerging. Speculation centred on Wal-Mart, the world's biggest retailer, which moved into Germany 18 months ago. However, some analysts speculated that the deal could also draw the attention of Carrefour and Promodes of France, which are keen to build global scale.

Under the terms being discussed, Kingfisher shareholders would control two-thirds of the group, and management would be shared. Sir Geoffrey Mulcahy, Kingfisher's chief executive, would hold that post in the enlarged group, with Allan Leighton, chief executive of Asda, as his deputy. Sir John Banham, Kingfisher's non-executive chairman, would take the same role in the new group, and Archie

Norman, Asda's chairman, would be non-executive deputy chairman.

The combined entity is expected to have a market capitalisation of £19bn. Asda investors will be offered 0.2263 Kingfisher shares for each of their, valuing Asda at £5.8bn, or 190p share. Asda shares closed up 22.1p at 198.7p, while the two groups said was a premium of 12 per cent on the share price before news of the deal emerged. Kingfisher closed down 35p at £4.0p.

Analysts said the deal appeared significantly more attractive for Kingfisher's investors and Asda's management than for the supermarket group's shareholders. They were generally in favour of the strategic motivations for the deal, although the cost savings and merger benefits were not expected to be significant, at £50m-£100m.

Wool-Mart? Page 7  
Lex, Page 24

## Nissan to scrap dividend and cut 5,000 jobs

By Naoko Nakamae in Tokyo

Nissan Motors, the troubled Japanese carmaker which last month entered into a strategic alliance with France's Renault, is to omit its year-end dividend for the first time.

The announcement yesterday underlined the scale of the troubles at Japan's second largest automotive company, which has been struggling with heavy debts and a stuttering cash-flow.

Yoshihiko Hanawa, Nissan president, also unveiled further restructuring plans, including 5,000 job cuts in the company's global workforce by the end of March 2001.

He also said the company would cut excess capacity through a 10 per cent reduction in its domestic car production capability from 1.9m to 1.7m units by 2005.

Peter Boardman, analyst at Warburg Dillon Read, said: "This probably means that Nissan will reduce one more production line leaving it with seven. There is clearly a social issue here, but Nissan has to help itself before it can help society."

The carmaker said it would not pay a dividend because of "the severer-than-expected forecast for [fiscal 1999], and the prospects of continuing sluggish demand in the Japanese market during the current fiscal year onwards".

Nissan warned that group pre-tax profits, excluding exceptional items, for 1998 would fall to ¥15bn (\$128m), down 75 per cent from its previous estimate of ¥60bn.

Renault said the earnings predictions were within the range of the calculations it made when it was determining its stake in Nissan.

Analysts were also unsurprised. These numbers are generally in line with forecasts," said Mr Boardman. "But there is some transfer pricing going on which, for example, makes the parent results look worse than expected, while making the US and domestic dealers' results look better than expected."

Nissan also revealed that its net debt at the end of March was ¥1,930bn.

## THE LEX COLUMN

### Telecom sans frontières

A Deutsche Telekom/Telecom Italia combination would be a monster merger, worth close to €200bn. But will it ever fly?

The answer partly depends on the politics. The protagonists need to jump hurdles in Brussels, Rome and Bonn. Brussels, which will vet any deal on competition grounds, is looking moderately positive. Romano Prodi, soon to be head of the European Commission, seems to like the idea of a pan-European champion.

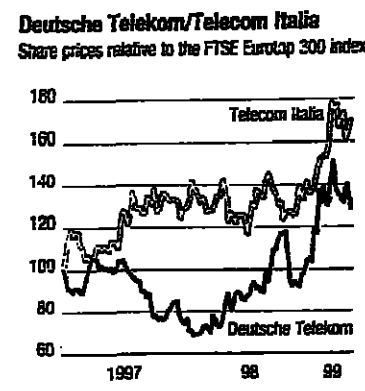
Rome will be harder to square because a merger could too easily be seen as colonisation by the Germans. To satisfy national sensitivities, any deal would have to be a credible merger of equals. Bonn, which currently owns 72 per cent of Deutsche Telekom, would also have to sell its stake. Otherwise, the net result would be the effective nationalisation of Telecom Italia by a foreign government.

The essential political question is whether Germany's chancellor, Gerhard Schröder, is willing to privatise Deutsche Telekom fully. Even if he is, it would probably be impossible to sell its €70bn stake rapidly. A clever mechanism will be needed to square this circle.

Then there are industrial questions. Is Europe really ripe for a Telecom sans frontières? Even if it is, are Telecom Italia and Deutsche Telekom - which, historically, have been two tired old monopolists - the right couple to construct such a business? Certainly, they have a good footprint: positions in Spain, France and Austria in addition to Germany and Italy. But a merger could too easily amount to little more than a series of culturally incompatible national fiefdoms.

Finally, can a deal deliver more value to Telecom Italia's shareholders than Olivetti's €11.50-a-share hostile offer? It probably needs to be worth €12 a share - a 22 per cent premium to the current price. From Deutsche's perspective, that might just make financial sense because Telecom Italia is relatively cheap: a €12 paper offer would be roughly neutral for Deutsche's shareholders on a cash flow per share basis.

Such a premium would also make the merger more of an even match. Including its savings shares and the minorities in its mobile subsidiary, Telecom Italia's market capitalisation is only €78bn. But with a 22 per cent premium, its total value would be €95bn - within striking distance



of Deutsche's €104bn. Given Telecom Italia's undergeared balance sheet, any deal should also be sweetened with cash - say €20bn to be spent on a 10 per cent share buyback for both companies.

All this means a deal might just be do-able. But it is a long way from being in the bag.

### Kingfisher/Asda

So, it is to be wedding bells after all. After breaking off their engagement last year, Kingfisher and Asda are getting hitched to form a giant retail conglomerate. Shareholders in Asda must be wondering why now. In the 11 months since talks broke off, the supermarket group's shares have underperformed Kingfisher's by about 60 per cent. Trading has slackened and the Competition Commission has just announced an inquiry into the food retailing industry. Overall, it does not look a good time to sell.

This might not matter if it was clearly a terrific deal. But not so. The rationale seems fuzzy. The idea is that the merged group will benefit from ownership of a broader basket of retail brands. No attempt is being made, for instance, to put Kingfisher's electrical shops into Asda's supermarkets. This is probably wise, but limits the potential for revenue synergies.

In terms of cost savings, the deal is equally unconvincing. Overlapping sales in clothing, music, toys and toiletries are estimated at £4bn. By squeezing suppliers hard, the merged group might extract annual pre-tax savings of 1.5 per cent, or £60m. Even adding £40m of further savings from merging buying teams only gives £100m. This is peanuts in the context of a £19bn group making pre-tax profits of £1.3bn.

So what is the point? One argument is that Kingfisher needs Asda's stable cashflows to bankroll its overseas expansion. This makes sense, given Kingfisher's exposure to cyclical retail sectors, such as do-it-yourself and electrical goods. Nonetheless, it is hard to escape the impression that the deal's real objective is scale. There is a risk for investors in allowing this: they may build a bid-proof slug, rather than the desired powerhouse.

In any case, the deal may not succeed. Although both sides style it a merger, this is a takeover and Asda is on the block. The question is whether the 190p per Asda share implied by Kingfisher's closing price is fair for one of only four remaining chunky UK supermarket groups. An 8 per cent premium to Thursday's closing price seems tight-fisted.

### Airtours/First Choice

Airtours never looked likely to let First Choice slip into Kuoni's hands. So it is no surprise that the UK tour operator is poised to disrupt the cosy nil-premium merger with an all-paper counterbid. This time round First Choice shareholders should lap up Airtours' highly-rated and tight-held paper.

Whereas Kuoni's shares have lagged the Swiss market by 15 per cent since the start of 1998, Airtours has kept pace. Indeed, since Airtours' 1993 bid for First Choice, then called Owners Abroad, its shares have risen more than five-fold. And the prospect of FTSE 100 membership should make them a powerful acquisition currency.

Airtours is sensible to focus just on wresting control of First Choice, rather than letting the merger proceed and going for the enlarged group. Just as there are no obvious benefits from merging mass market First Choice with upmarket Kuoni - they fly different passengers on different airlines to different resorts - so there are few to be had with mass market Airtours and the Swiss company.

Airtours has a big appetite, but swallowing a merged Kuoni/First Choice, with a market value of £1.3bn against its own £2.4bn, looks a big mouthful. The main worry is how Thomson might react to Airtours' move. Obsessed with market leadership, it might swamp the market with new capacity next year. That would be negative for the whole sector.

## Old Paribas-Axa pact is barrier to BNP bid

By Samer Iskandar in Paris

Invoking a decade-old legal agreement is set to deal a blow to the ambition of Banque Nationale de Paris to create the world's largest bank by simultaneously acquiring its rivals Société Générale and Paribas.

The agreement seals a pact between Paribas and Axa, its leading shareholder and France's largest insurance company. It was set up in May 1989 and committed Paribas and Axa to protecting each other from hostile takeovers.

The twist will increase the uncertainty in the three-way battle and could further delay its conclusion. BNP's surprise double bid last month froze a merger between SG and Paribas that would otherwise have been completed last week. BNP's proposal has also been delayed by a lawsuit by SG and Paribas challenging regulators' decision to allow BNP to proceed.

The legal agreement - pre-

venting the sale of the largest single block of Paribas shares - could weaken the commitment of BNP's strongest backer, Claude Bébéar, chairman of Axa.

Axa, the largest single shareholder in both Paribas and BNP, is backing BNP's project to merge the three banks into the world's only bank with more than \$1,000bn of assets.

Paribas said yesterday it planned to enforce the agreement, which prevents the companies from unwinding their cross-shareholdings. The move will tie the hands of Mr Bébéar, who sits on the boards of the three banks and had pledged to bring Axa's holdings of Paribas shares to BNP's offer. Axa holds 6.7 per cent of Paribas' capital, while Paribas controls 22.7 per cent of Finaxa, a holding company with 30 per cent of Axa's voting rights. Axa said yesterday it did not believe the agreement would affect the offers.

The six-year agreement,

renewed in 1995, is not revocable until May 2001. Its aim was to "reinforce the stability and French nature of [Axa's and Paribas'] shareholdings".

The agreement will be published on Monday in Paribas' response to BNP's hostile bid. The response marks the launch of the offer - BNP's double bid for SG and Paribas and SG's bid for Paribas.

Regulators have said the timetable of 36 business days the period allowed for shareholders to decide - would be adjusted to account for the complexity of the simultaneous offers. BNP's bid for SG might be extended to await the fate of Paribas before SG shareholders decide whether to accept BNP's bid.

The Conseil des Marchés Financiers, the regulator, said the offers would be stretched by at least eight business days after the appeals court rules on SG's and Paribas' request. The ruling is not expected before mid-June.

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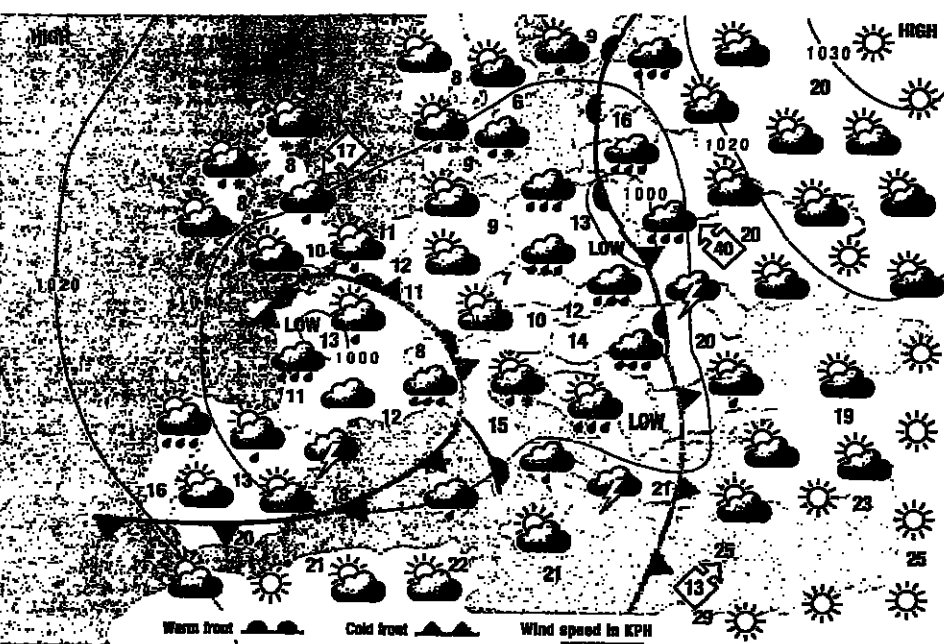
### Weather

#### Europe today

Much of Scandinavia will be dry and fine with sunny spells, but there will be showers along the east coast of Sweden. Warm air in eastern Europe will continue to be separated from cold air in central and western Europe by a frontal system from Finland through the Balkans to Greece. Along the front, there will be heavy rain and thunderstorms. Southern Spain and the eastern Mediterranean will be dry, warm and sunny, but western and central Europe will have showers.

#### Five-day forecast

Western and central Europe will remain unsettled and chilly, with showers and rain. The rain will be particularly heavy in France early next week, with only southern parts of Spain and Italy staying fine. Greece will have heavy showers over the weekend but will be dry by Monday.

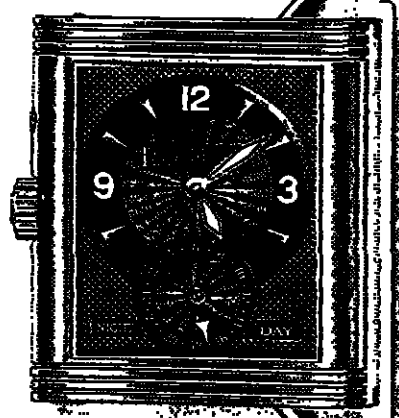


Situation at midday. Temperatures maximum for day. Forecasts by THE WEATHER CENTRE

#### TODAY'S TEMPERATURES

| Location     | Temp | Location     | Temp | Location    | Temp | Location      | Temp | Location    | Temp |
|--------------|------|--------------|------|-------------|------|---------------|------|-------------|------|
| Madrid       | 18   | Barcelona    | 18   | Paris       | 15   | London        | 14   | Rome        | 16   |
| Celcius      |      | Berlin       | 12   | Amsterdam   | 11   | Brussels      | 11   | Vienna      | 12   |
| Abu Dhabi    | 33   | Belfast      | 10   | Stockholm   | 10   | Helsinki      | 9    | Tokyo       | 15   |
| Accra        | 32   | Birmingham   | 10   | Osaka       | 16   | Manila        | 28   | Sydney      | 23   |
| Algiers      | 21   | Bombay       | 32   | Seoul       | 15   | Wellington    | 14   | Los Angeles | 18   |
| Antananarivo | 11   | Buenos Aires | 12   | Yokohama    | 17   | San Francisco | 14   | San Diego   | 18   |
| Athens       | 21   | Calcutta     | 32   | London      | 14   | San Jose      | 14   | San Jose    | 14   |
| Atlanta      | 18   | Chennai      | 32   | Madrid      | 15   | Sao Paulo     | 18   | Sao Paulo   | 18   |
| B. Aires     | 15   | Cebu         | 32   | Moscow      | 10   | Singapore     | 28   | Singapore   | 28   |
| B. Hong Kong | 10   | Dubai        | 32   | Munich      | 10   | Taipei        | 22   | Taipei      | 22   |
| Bangkok      | 34   | Edinburgh    | 10   | Nairobi     | 27   | Tel Aviv      | 26   | Tel Aviv    | 26   |
|              |      |              |      | Qatar       | 27   | Tokyo         | 15   | Tokyo       | 15   |
|              |      |              |      | Kuwait      | 34   | Toronto       | 8    | Toronto     | 8    |
|              |      |              |      | Las Vegas   | 34   | Vancouver     | 16   | Vancouver   | 16   |
|              |      |              |      | Lima        | 25   | Verona        | 14   | Verona      | 14   |
|              |      |              |      | London      | 14   | Warsaw        | 10   | Warsaw      | 10   |
|              |      |              |      | Los Angeles | 18   | Washington    | 13   | Washington  | 13   |
|              |      |              |      | Luxembourg  | 11   | Wellington    | 13   | Wellington  | 13   |
|              |      |              |      | Lyon        | 9    | Winnipeg      | 7    | Winnipeg    | 7    |
|              |      |              |      | Madras      | 18   | Zurich        | 8    | Zurich      | 8    |

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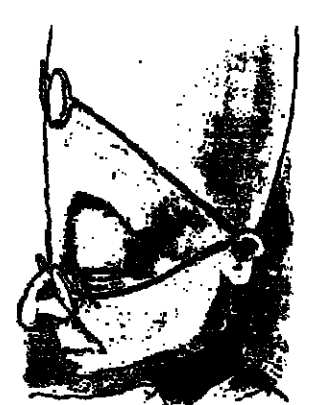




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Smoking gets even  
more serious in Cuba  
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Einstein's formula  
Ambitious plans to  
stir up the airwaves  
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# In the hands of China's little emperors

The first wave of the 70m children born under China's one-child policy has just reached adulthood. James Harding considers to what extent these solitary youths will define their country's future

"Being an only child is a disease in itself," said G. Stanley Hall, the 19th century forerunner of modern psychology.

Since then, more circumspect scholars may have offered more sensible analyses, but only children are still widely regarded with suspicion. An only child, robbed of the socialising influence of brothers and sisters, is seen by many as a bad start in life. Pampered by overprotective parents who cannot say "no", the single child is thought more likely to become a solitary and socially inept adult.

China's "one-child policy", therefore, has long looked like a recipe for massive social dysfunction: a state-sponsored programme to breed spoilt brats.

Born of China's fear of its own demographics, the family planning regime has already given birth to 70m "onlies". The side-effects of the government's medicine for a swelling population are feared to be an emerging generation of "little emperors" - *ziao huangdi* - as the over-fed, over-indulged and over-achieving only children are known.

To some, Beijing's decision to refashion the family, the most basic and sacred social unit, is a reckless step into the dangerous territory of social engineering: the creation of tens of millions of triangular families will not only up-end the old order of relations between parents and children, but ultimately will shatter a Confucian society built on the foundations of family order, filial piety and respect for paternal figures of authority.

The only children are now coming of age. The first wave born under the strictures of the one-child policy that began in 1980 has just reached adulthood. And they appear to be a far more balanced, better-adjusted bunch of young people than was once feared.

Extensive research conducted in recent years on China's adolescents - and the impression they make when you meet them - suggests the "only-child phenomenon" has had only a modest impact on the character of China's youth.

For once, China may have helped to demolish, rather than propagate, a myth - that only children are maladjusted.

At the Shanghai Jiaotong High School, the blackboards have been wiped clean and the desks have been cleared for the holidays. Standing in the long bicycle sheds, there are just a handful of bikes belonging to pupils in the graduating class of 1999 who have stayed to study for national university entrance examinations in the summer.

"These 18-year-olds, some only children and a few with an older sibling, offer similar answers when asked about their hopes and fears in life. 'I just want to pass my exams... I want them to be over,' says Yan Tingting, a schoolgirl with teenage acne.

Zhu Huicun, a stocky young man with an academically successful older sister, says he feels under similar pressure: "To tell you the truth, my studies are not going that well and, while it doesn't matter so much to me, it will be a terrible loss of face for my parents if I don't pass my exams." The parents of "onlies" do not, of course, have the prerogative to be pushy. In fact, the lines between "onlies" and "non-onlies", as the academics call them, are generally blurred.

Sociologists such as Tom Falbo, who have reviewed hundreds of varied and detailed studies into children all over the world, have found that "only children



were similar to others in adjustment and sociability".

Even if, contrary to the evidence of piles of sociologists' surveys and studies, only childhood did in fact cause a radically different personality, its impact on China would have been patchy.

Like other Communist campaigns this century, the family planning revolution employed often brutal methods - forced abortions, obligatory sterilisations and infanticide. But, partly because of the cruelty associated with coercive fertility control, the policy has been widely breached.

Systematic non-enforcement has been the rule in large areas of the country. In the countryside, families have grown smaller but still tended to flout the one-child regulation. Parents have bribed or disregarded local officials in order to have two children or more. In the

600m. Today it is nearly 1.8bn. Population growth has slowed to about 10.5 per thousand, compared with 28.4 per thousand in the early 1960s but, on existing trends, it is only likely to go into reverse after 2030.

Yao Yizun, Tingting's classmate, who sits hunched in a shell-suit twiddling strands of puppy fuff on his chin, does not think the one-child phenomenon will define his generation. "The big issue for us is going to be how we handle the relationship between Chinese culture and western culture," he says.

This generation, after all, has grown up in the two decades since China emerged from self-imposed isolation, embraced the principles of a free market and boomed. Michael Jordan means more to many of them than Mao Zedong.

Indeed, Zhu Huicun, who struggles with his home-

grammes about the "one-child" experience, acknowledges that only children may have different experiences growing up.

According to one freshman at a local university: "Going to college was an opportunity to move out and have my own little bed. Not that I look down on my parents; but they treat me so well that I feel like a parasite in my own home."

Another young woman suggests that only childhood has left her unprepared as a future lover: "It's not easy for us to fall in love... We're only children, who can do what we want to do... Then suddenly we have to be responsible for someone else. We have to learn from the smallest thing. We should learn to buy lunch for two people to understand what someone else likes to eat."

So Songling, Shanghai's leading academic on the only child generation, has sought to measure the outcome of different childhoods, calibrating the small differences between China's "onlies" and "non-onlies" as young adults.

He argues that the "onlies" are marginally more ambitious when it comes to university places and jobs. They hold their own creatively, their individual talent, in higher regard than adolescents with siblings.

He has also found they are less adaptable, less flexible as problem-solvers and less comfortable getting their hands dirty. "To this day, some parents are loathe to let their grown-up only child do any housework," he says. Falbo has written that some research shows "small but significant differences... in areas of achievement and intelligence", with only children faring better than those with siblings.

But in describing China's emerging generation, Su and the other sociologists could be bolder.

Naive and nerdy, for example, are words that come to mind when talking to China's conscientious, conformist youth; they would certainly not fare well if there were an Asian league table for "cool". Teenagers say computers are the hottest thing, according to a recent survey by the television channel Cartoon Network.

Song Zheng, another of Tingting's classmates, exemplifies the Pollyanna tendency. She is pretty, her hair in a neat bob and hands clasped in her lap. Her "dream" is to be an English teacher, she says, smiling across the room at her English teacher, Mr Xu. Asked how she will shape the future, she quotes Deng Xiaoping on the importance of science and technology.

In a country with an anachronistic political system, a Communist leadership increasingly out of step with an advancing society, Song Zheng's conformity does not offer much hope for those who wish to see political freedom and intellectual honesty in China. She will not be the first to the barricades.

But others have emerged from only childhood differently. While a solitary youth has made some dependent on their parents, others it has set free. One-child China may even foster a new kind of individualism at odds with the collective thinking of a communist country.

He argues that the "onlies" are marginally more ambitious when it comes to university places and jobs. They hold their own creatively, their individual talent, in higher regard than adolescents with siblings.

For, in perhaps unexpected ways family planning policy is changing China. Looking ahead, the restructuring of the family may recast the role of some

institutions of public life. The shoulders of public welfare must prepare for new burdens: parents may be less willing to give up their only children to serve in the army; siblingless adolescence has given new meaning to friendship; in many families, the child has usurped the traditional role of the father as centre of attention.

Yan Tingting suggests mothers and fathers with only one child may be less willing than parents in the past with large families to see their kids make the ultimate sacrifice for China: "My mum and dad don't mind what job I do when I grow up as long as it is not too dangerous."

The People's Liberation Army's recruitment officers say they have no difficulty filling the ranks. Most new recruits come from the countryside, where the attractions of army pay are greater and the number of families with two or more children is much larger. However, the numbers of men in uniform do not matter so much in an age when military strength increasingly relies on machinery.

But the only-child phenomenon may affect China's military strategy. A society with a large proportion of protective parents may have less stomach for a ground war, certainly for the kind of "human wave" tactics used in the Korean war, which cost nearly 10m Chinese lives in the 1950s.

The state is having to adopt a broader role in other areas. School and university, says Feng Enhang, headmaster of the Shanghai Jiaotong middle school, have become more important in teaching young people values. "The respect a little brother might show his big brother or the kind of co-operation learnt between siblings used to be taught at home. Now it must be learnt in school," he says.

Old age homes, too, are preparing to get busier. Married couples of only children, who in the past might have been expected to take care of their ageing parents at home, are expected to find

they cannot put up - or put up with - both sets of parents under one roof.

"This is going to be a really good business in 10 or 20 years," says Ji Zhong, director of the Shanghai Zhengya old age home.

Traditionally, sons were expected to take care of ageing parents, which helps explain the continuing, if increasingly rare, practice of "discarding" female children.

The pensions system is also bracing itself. China's one-child policy has slowed the growth in the numbers of young people just as the number of elderly people balloons. The baby boomers born in the 1950s and 1960s will reach pension age around 2020, just as the only children become China's chief earners.

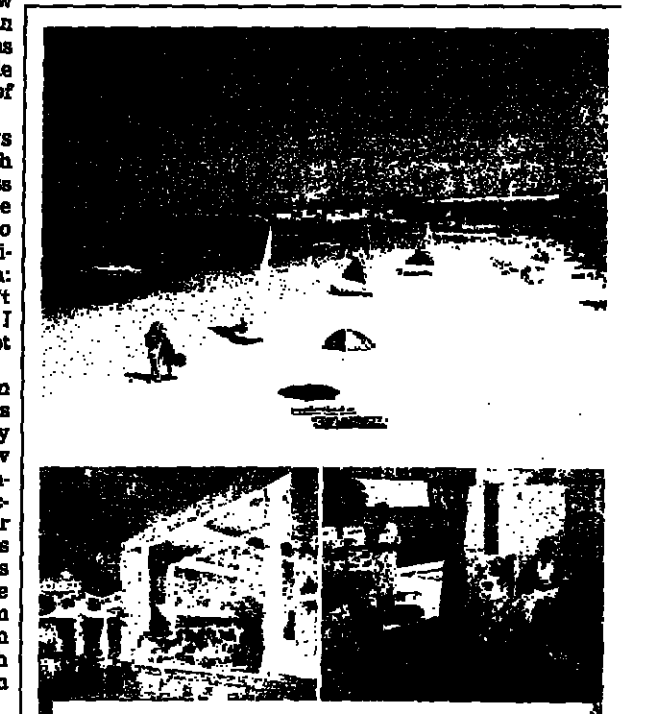
Business is shaping itself to the realities, or the perceived realities, of a different generation. Advertisers, for example, have targeted children who are thought to have exceptional influence on their parents' spending decisions.

Human resources agencies have sprung up offering courses in initiative, compromise and teamwork.

Compulsory family planning was a revolution which employed tough means. But now, as the only children reach adulthood, Yang Zao, a doctor who came with his wife to a small county hospital in the 1950s to pioneer work in male sterilisation, is satisfied with its ends.

"The one-child policy has eased economic strains, eased pressures on the family. It has been good for the children. They are well taken care of," he says.

Yang now lives with his wife in a spartan pensioners' apartment on the outskirts of Shanghai. His grandchild, he says, is a lovely young boy. And, just to keep him from getting spoiled, they make sure he washes the windows when he visits them each Sunday.



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BODY AND MIND

PSYCH YOURSELF UP

# Power trip not driven by sex

Adler's theories on childhood and lifestyle make a couch look attractive, writes Andrew Derrington

Most psychological therapies seem rather unattractive to me. Freud's is probably the worst. I cannot imagine that I would ever be willing to subject myself to it. I am deeply suspicious of drug treatments but I would much prefer to stuff myself with Prozac - or practically any other drug - than lie on Dr Freud's couch.

My reluctance has nothing to do with his theories, or with the effectiveness of therapies based on them. It is purely practical. I just couldn't obey what Freud referred to as his golden rule, "say whatever comes into your mind".

I know that I could never cold-bloodedly open up my private thoughts and feelings, not even to save my life. I am much too self-conscious. You might think that such reticence would make me unsuitable for any form of psychotherapy, but an entertaining and authoritative book, *Adler for Beginners*, by Anne Hooper and Jeremy Holford (Writers & Readers Publishing 1998), explains that this is not so.

Alfred Adler, who was one of Freud's inner circle of psychoanalysts until he was ejected after coming up with theories of his own, devised an approach which he called Individual Psychology that would suit me quite well.

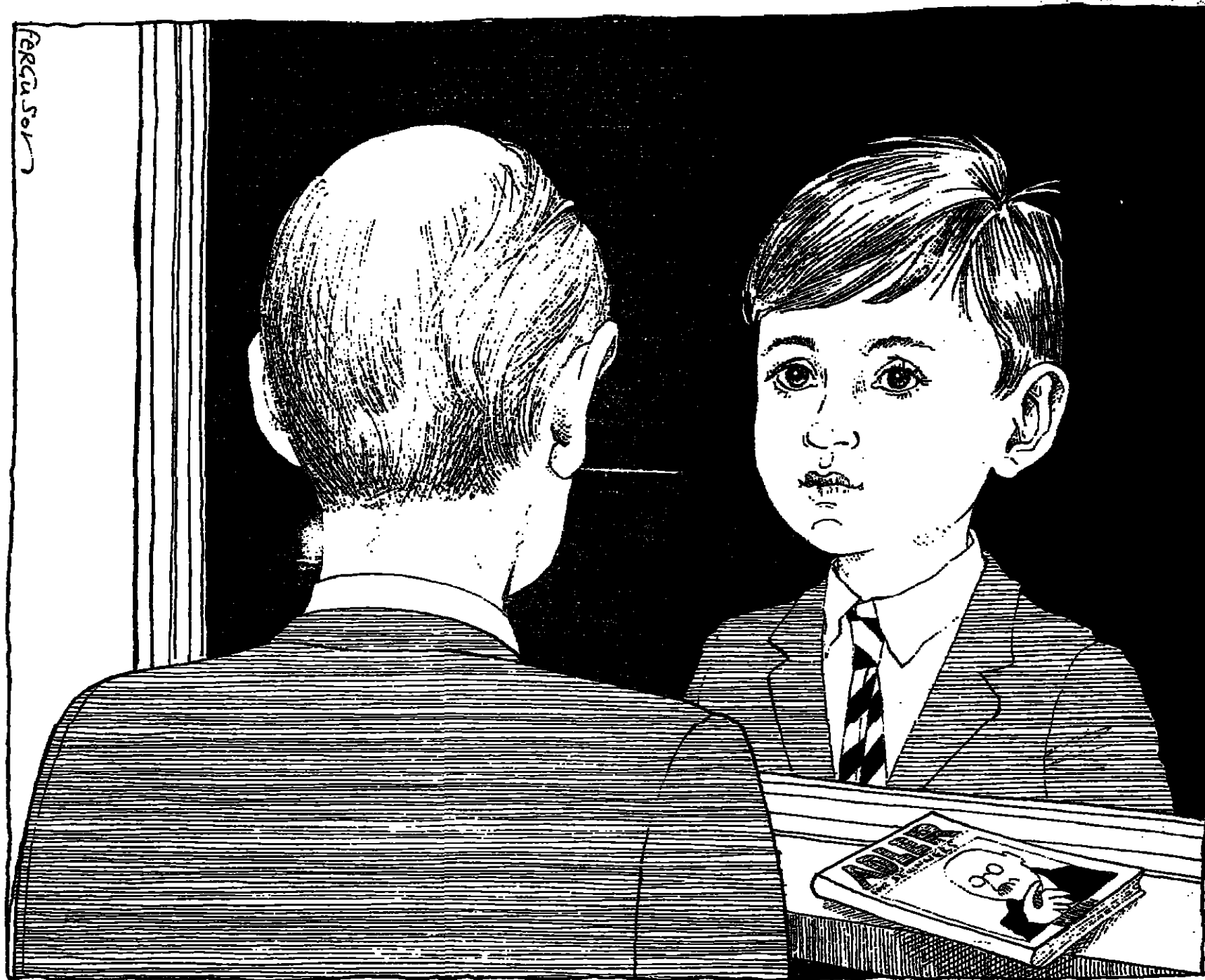
The first thing an Adlerian counsellor (they are called counsellors rather than therapists in order not to set themselves above their clients) wants to know is your recollections of your early

life. Adler believed that your psychological problems are reflections of what he called your lifestyle, which is your individual psychological make-up, the way you deal with the world and react to different kinds of events.

Your lifestyle is shaped by your experiences in the first few years of life, particularly the way you see yourself in relation to your family. For this reason your recollections of early experiences are excellent clues to your lifestyle. If you cannot remember anything from your early life, you can invent experiences. These contain the same kinds of clues as real memories because memories are not exact - they are reconstructions. Your reconstructions have a lot in common with your inventions because you tend to embellish the aspects of the remembered event that are important to you.

Your lifestyle affects both the way you see the world and the way you react to it. Everything you do has the goal of making you feel better, but if your view of the way the world works - your "private logic" - is faulty, you may do things that make you feel worse. One of the aims of an Adlerian counsellor is to help you understand your private logic and the hidden goals that drive your behaviour. This enables them to encourage you to develop better goals to make you act more effectively.

For Adler the way we see ourselves in relation to others is crucial. It was he who coined the term "inferiority complex". He



felt that the most important drive we experience is to move from a position of feeling inferior to others - which is where every child starts life - to a position of being in control and feeling superior. This belief that the drive for power is more important than the drive for sex was a flashpoint for disagreement between Adler and Freud.

We try to gratify our drive for power in different ways depending on our private logic, which in turn is influenced by our child-

hood experiences. A child who receives attention, encouragement and reward for good behaviour will behave well. One who does not may seek attention by misbehaviour. Educational failure can be justified by private logic for some children. It is the best way of attracting the attention - and concern - of their parents.

The private logic we develop as children continues to govern our behaviour when we are adults. Encouraging a child to develop

an effective lifestyle should be easier than trying to help an adult change a dysfunctional one. Consequently, Adler placed great emphasis on education and the upbringing of children, and his ideas have been influential.

The emphasis on encouragement rather than punishment as a way of developing good behaviour appeals strongly to me. In part, this is because it contrasts strongly with my early recollections of plentiful punishment at home and at school. It also raises

in my mind an intriguing question. If I had been brought up by an Adlerian, would I be unconscious enough now to seek analysis from a Freudian? I guess I shall never know.

**Costs and contacts:** Costs are similar to other talking therapies. Typically £35 a session in the UK and \$135 in the US. Concessions are available from training institutes for those in difficult circumstances. Sessions are usually weekly and a typical course three or four months.

**UK centres:** Adlerian Society and Institute for Individual Psychology tel/fax: 0181-997 4163 Adlerian Workshops & Publications tel/fax: 01296-482148

**US North American School of Adlerian Psychology** tel: 312-629-8801 fax: 312-629-8802 www.alfredadler.org (this Chicago web site has links to the main sites in other states & countries).

**The author is professor of psychology at the University of Nottingham.**

## Full to the point of overflowing

Fred Emery contrasts his experience of prostate treatment in France with the reception he received back in Britain

How odd it is that men should be so incredibly ignorant about their prostates when more than three-quarters of them over 50 have problems urinating because their gland is malfunctioning.

I was no different and, when I needed treatment in a hurry, was completely unprepared. Ensuing events, however, not only taught me a lot about my prostate, but also about the differences between the French and British health services.

We had just arrived in the French Alps to ski with friends. After celebrations (much water being drunk in my case), come the middle of the night I had a total blockage, "acute retention", as they call it. Never having experienced the problem before, I eventually succumbed to awakened friends' advice that it was all psychological. Relax, take a bath, they said.

By 8am, and more in desperation than pain, I decided I needed a hospital - ski resorts don't have hospitals. A doctor was summoned, therefore, and within a few seconds had ordered us down the mountain. "Your bladder is the size of a woman five-months pregnant," he said. "Get on please, on mouri."

Wisely, he decided an ambulance, private in France, might take too long to arrive so a

medical taxi was called. The driver, doubtless a rally driver in his spare time, distracted me down the endless hairpins, and reached the hospital's casualty entrance in 18 minutes compared with the standard half hour.

There was little bureaucracy beyond name and address, and within minutes a (female) doctor was present and I was catheterised. Tapped twice, I was relieved of 1.4 litres, apparently near to overflowing, and sent on my way (having paid the £20 bill) with a prescription and a recommendation to see a urologist that day.

There being no appointments available for a month at the government-run hospital, I was invited to try the private clinic next door. A phone call secured an appointment that very evening.

The consultant showed me a delightful brochure "Everything you wanted to know but never dared ask" had me x-rayed and scanned, discussed inserting another catheter, or a type of

coil, but in the end opted for a day in hospital for monitoring and observation.

The nursing care was superb and the two-bedded room comfortable - they even lodged my wife in the second bed. The ward was immaculate, and there was wine on the menu. Although I was in a private clinic, the

National Health Service waiting list, he promised to send an estimate of the cost for a private operation by him should I wish to come back to France. In the meantime, my total medical bill had come to FF2,221 (£300), of which FF1,058 was refunded on form E111. The balance I've claimed from my insurance.

meaning I would be operated on under the NHS within six to eight weeks. Non-urgent could mean waiting a year.

As I waited, I got an estimate of cost from the same London teaching hospital trust for private treatment - £3,500 was the answer, against the equivalent of £1,100 in France.

**Tapped twice, I was relieved of 1.4 litres, and sent on my way (having paid the £20 bill) with a prescription and a recommendation to see a urologist that day**

French system is so interlinked that an operation, as an emergency, could have been performed on me with public funds using form E111, (if you are a European Union citizen, never leave home without one).

Our dilemma was that the surgeon recommended an operation within two weeks and wanted me to convalesce for up to four weeks in the area. So we opted to come home to Britain. But, in case I was put on a long

Back in Britain I began to wish I had stayed in France. The first general practitioner reaction was: "You might think you're an urgent case; for a urologist the consultant's outpatient appointment arranged through this channel was 13 weeks hence."

Thankfully, my regular GP, once engaged, was swift to refer me. Within a week, I saw a consultant, who agreed with the Frenchman. I was an urgent case,

Soon after, however, I was called in to have the NHS operation.

With the benefit of high-tech Turp (trans-urethral resection of the prostate) performed through the penis and requiring only a local anaesthetic, we had all joked that I could watch the proceedings (like the surgeon himself) on TV. And so it proved, although I dozed off and missed most of the best bits. Sadly, there was no video recording. It had been straightforward. I

was kept in hospital for four nights after the operation, longer than expected, but, after scare stories about the NHS, it was reassuring to feel there was no rush to get me out. And the nursing care was diligent, expert and tender.

Although the post-operative flushing via the catheter can be uncomfortable, I had no real pain throughout. Once the catheter was removed it was bliss, although four to five weeks' convalescence is imperative as one waits for a return to a quality of life one may have forgotten.

The NHS ward, in my case, had been less clean than the French, with one distant bathroom having two out of the three showerheads disconnected. The NHS nurses say the contract cleaning management are not responsive to their complaints. One surprise, though, was that the British food was better than the French. While it certainly was not gourmet, it was more varied and substantial. Wine was

strictly off limits, however.

According to figures from the Organisation for Economic Co-operation and Development, Britain's NHS appears much more cost-effective than the French: in 1994, the UK spent £787 per capita on health, against France's £1,449; in 1995, total French spending on health was 9.9 per cent of its (larger) gross domestic product, against the UK's 6.9.

The French clearly overspend. The urologist I saw said there were virtually no spending controls; they did high-tech prostate operations even for patients who were too old to get much benefit. It was one of the reasons for the crisis in the French health budget and, he said, could not go on.

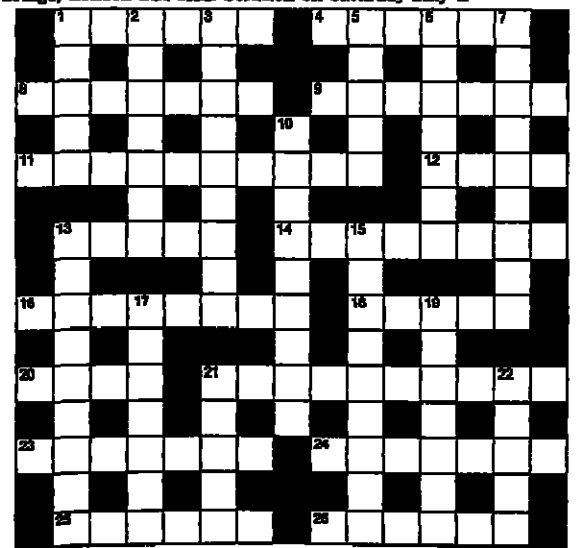
He thought Britain might have got the rationing of clinical care better, but he could not understand how the British tolerated waiting lists. The French, he said, just wouldn't stand for it.

**It should be pointed out that prostate emergencies of the kind described above are not common; early warning signs can usually be expected. An article about prostate cancer, its risks and treatment, will appear in next Saturday's Weekend FT.**

### CROSSWORD

No. 9,964 Set by CINCINNUS

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ezer Kid Finch Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday April 28, marked Crossword 9,964 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday May 1.



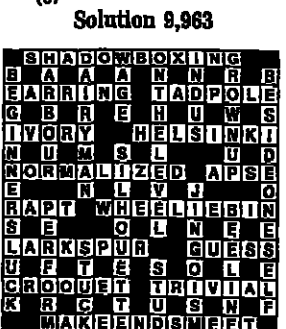
Name: \_\_\_\_\_ Address: \_\_\_\_\_

Winners of the Easter Crossword: K. Messingham, Taunton; S. Shute, London SE1; D.J. Walker, Norton. Stockton-on-Tees

Crossword sponsored by: **Abels International Moving Services** *Crane's SINCE 1801*

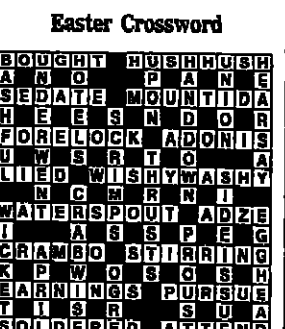
#### ACROSS

- 1 Check the half-year balance (6)
- 4 Start of race for gent, round centre of Manchester (3)
- 5 Anxiety for commercial enterprise (7)
- 8 Sibling rivalry's beginning - worry about it (7)
- 11 Note complication in Civil Service - regular forms required (10)
- 12 Ohio railway and airport (4)
- 13 Benefit that makes a small number suffer (5)
- 14 Clothing for fellow joining band (8)
- 16 Post in red revolution - one with dummy as partner (8)
- 18 Desist from cold comfort (5)
- 20 Smart Ken leaves fowl (4)
- 21 A settlement in Oregon but a city in Louisiana? (5,5)
- 23 Conservative person of godly bent (3,4)
- 24 After five I'm circling a volcano in the country (7)
- 25 Delivery from Derry or Kerry (5)
- 26 Animals with small value (6)



#### DOWN

- 1 When disunited United make amends (5)
- 2 Italian cheese or Attic fruit (7)
- 3 Many captured by one unknown killer (9)
- 5 Instruments connected with satanic temples? (5)
- 6 Striking cross erected in the open air (7)
- 7 Self-employed person at liberty to make cuts (9)
- 10 Horrid kids want to go in for rodents (5,4)
- 13 "Breathe out, layabout, out", to cite an American author (4,5)
- 15 Opportunities for employment I found during holiday in France (9)
- 17 Star of the match (7)
- 19 Early missionary or saint in a European setting (7)
- 21 Instrument showing error in computer not in line (5)
- 22 US composer reflected in a mirror (5)



### BRIDGE PAUL MENDELSON

The English Bridge Union's Easter Congress attracted huge entries, including a large proportion of players under 30, reflecting the surge in interest at school and university level.

The Swiss Teams featured short matches of seven hands which meant that, once the weaker teams were demoted, battles between the contenders were often decided on one close decision.

| N           |  | E            |  |
|-------------|--|--------------|--|
| ♠ J 3 2     |  | ♠ Q 9 6 5    |  |
| ♥ J 3       |  | ♥ 4 3        |  |
| ♦ Q 9 7 6 4 |  | ♦ A K 10 5 2 |  |
| ♣ 6 4 3 2   |  | ♣ A 5        |  |

Dealer: S E/W vulnerable  
North: - 3H 3S  
East: 4S 5C  
South: 5D 6S  
West: 6C 6S  
Playing against a strong Anglo-Dutch team. I opened the South cards with an

unfashionably modest three-level pre-empt.

After West's 3S overall, East's 4S seems too little, yet the need to agree spades pressing. 5S might fit the bill, showing two losers in the key suit - hearts - and asking West to bid 6S if she held A9, K9 or singleton.

West should bid 6H - to show A9 and extra values - or even venture 7S, with her hidden second suit. On the actual auction, once East showed A9 and A8, perhaps West might venture the grand anyway. But, worried about her trumps, she had to settle for 6S.

At the second table, South opened 4H, but the effect was not as he might have intended. West overcalled 4S and East cue-bid 5C.

Here, any five level bid was likely to be a cue-bid agreeing spades because, without spade support, East must pass or jump to slam in her own suit.

West might have cue-bid 5H, but he knew now that tricks must be pouring in from all sides, so he found a far more descriptive bid: 7C!

East converted to 7S and business was concluded on both hand and match.

### CHESS LEONARD BARDEN

Eleven UK grandmasters competed in Southend at Easter in the Redbus knock-out, a new £10,000 event backed by Cliff Stanford, the founder of Demon Internet. It finished inconclusively in a tie between GMs Lalic and Plaskett, who had eliminated the top seeds Miles and Speelman.

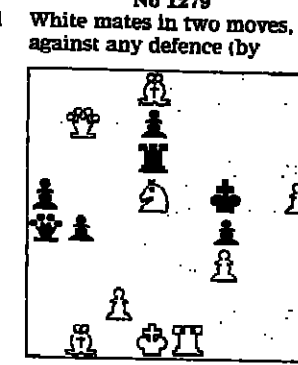
Early chess tournaments 150 years ago were knock-outs, and the format has been revived for the Fide world title and the Russian and US championships. In the shortest win at Southend the victim was the editor of *Chess Monthly*, who had previously beaten two high seeds (J Plaskett v M Pein).

1 e4 e5 2 Nf3 Nc6 3 Bc4 Nf6 4 d4 Bc5 5 0-0 0-0 6 c3 d5 7 d6 safe guards his e5 pawn. 7 exd5 Nxd5 8 Re1 Bg4 9 h3 Bxh3 10 Qxh3 Nde7 11 Nd2 Qe7 Nf5 12 Ne4 Bc7 avoids catastrophe. 12 Ne4 Bc6 13 Nf6-1 gxf6 14 Qxf6 Qd8 15 Bh6 Nf5 16 Qxf6 Qd8 17 Rxf6 Rxf6 18 Qg4+ Resigns.

● The Friends of Chess, which backs British players and events, is seeking new members. Call 01642-465381. No 1279

aided by a Black self-block (G Wall v A Bigg).

1 e4 e5 2 Nf3 Nc6 3 Bc4 Nf6 4 d4 Bc5 5 0-0 0-0 6 c3 d5 7 d6 safe guards his e5 pawn. 7 exd5 Nxd5 8 Re1 Bg4 9 h3 Bxh3 10 Qxh3 Nde7 11 Nd2 Qe7 Nf5 12 Ne4 Bc7 avoids catastrophe. 12 Ne4 Bc6 13 Nf6-1 gxf6 14 Qxf6 Qd8 15 Bh6 Nf5 16 Qxf6 Qd8 17 Rxf6 Rxf6 18 Qg4+ Resigns.



Comins Mansfield, 1926). This week's problem won a first prize, and the clue for solvers is the black queen's pin of White's c2 pawn. Free the pawn, and White can mate.

Solution, Page XXII

مكتبة الامير



PERSPECTIVES

LUNCH WITH THE FT

# Cavalier approach to diplomacy

The last post was not enticing for Sir David Gore-Booth. So, he tells Harvey Morris, he has joined banking, the next area of influence

"What? No bloody potted shrimps?" bellowed Sir David Gore-Booth when he learned that Manzi's most traditional and least fashionable hors d'oeuvre was off the menu.

The man recently denounced before a Commons committee as a character straight out of Evelyn Waugh, the former high commissioner to Delhi clearly thought it might be fun to play the part.

Perhaps this tendency to self-parody was a factor in his downfall, if indeed that is the right word to describe his acrimonious departure from the Foreign Office at the turn of the year. Not downfall, says Gore-Booth, but a "career move".

"I resigned as a career move because there was no life for me other than to relapse into an intellectual stupor."

That is how he describes the prospect of some comfortable ambassadorial retirement post that others might regard as a worthy reward for a lifetime of service. "It would have been Ruritania with gin, and that's not why I joined."

He says it with the dismissive irony that so often went over the heads of his political masters. They invariably failed to see the joke.

Following an obligatory three months of purdah after leaving government service, Gore-Booth recently took up his new post as special adviser to the chairman of Switzerland's HSBC bank.

But before we get down to that, as diplomats who lunch invariably say, let's settle on the food.

Not too much should be read into Gore-Booth's choice of Manzi's, a fogeyish Foreign Office favourite where impeccably cooked fish is nonchalantly served by waiters even older than most of the diners. In fact, he had wanted to go to nearby Sheekey's, another fish restaurant that has been ripped out and reincarnated as the latest addition to London's culinary glomorama.

Needless to say, there was no prospect of a lunchtime table much before the millennium. So Manzi's it had to be.

"Why fish, anyway?" (Self-parody alert.) "Because in the Third World it's quite

difficult to get fish and be able to trust it." In the absence of the bloody shrimps he went for avocado and crab. As a diplomat who spent much of his 34-year career in the Arab world, he had also missed his bacon. He moved on to scallops and bacon.

Gore-Booth had five years to go when he decided to call it a day and prematurely bring to an end a career that began as soon as he graduated from Oxford.

The past few years have been portrayed as one extended diplomatic nap. In the process, he has been lampooned as - in his own words - "a chinless, plummy-voiced ex-Etonian". He was hauled up for questioning before the Scott inquiry into the arms-to-Iraq affair, blamed for the fiasco of

resist the lure of political incorrectness, even when committing his thoughts to writing. Members of the Public Administration committee looking into the Ombudsman's report were incandescent with indignation at his passing reference in a letter to "company wives".

Helen Mary Jones MP found this "deeply offensive", while her Labour colleague Peter Bradley demanded to know: "Where do you acquire that sort of arrogance? Was it at your father's knee? Was it at Eton? Was it in 34 years in the Diplomatic Service?"

Do such reactions mean there is no place for toffs in the New Britain?

"Certainly everything is becoming stereotyped. If you went to Eton, you must be plummy voiced. If you went to Eton and Oxford, it's worse. Eton, Oxford and the Foreign Office. Well... these stereotypes are firmly lodged in the public mind. It doesn't matter whether you went to Eton or to the local school. It's what you produce. I generally believe the FO is a great leveller."

Gore-Booth comes from what used to be called an "old family", but it is also a family of eccentrics, of which he is perhaps the latest in the line: a Cavalier rather than a Roundhead, as the head of the Diplomatic Service, Sir John Kerr, put it.

His father, Sir Paul Gore-Booth, got into hot water during Harold Wilson's premiership when he travelled to a Sherlock Holmes commemoration dressed as the great detective. In a formal complaint to Wilson, the leader of the Commons, Richard Crossman, harumphed: "For him to career about Europe exhibiting his attempts as an amateur actor does no credit to his department or the British government."

"From Sherlock Holmes to Evelyn Waugh," Sir David mused. "I suppose it's a step up."

He belongs to the English branch of an Irish family - "Cromwellian" Irish, as he puts it. The present baronet, Sir Joselyn Gore-Booth, is his younger cousin. "I'm their presumptive, or at least that's what it says in Who's Who."



Sir David Gore-Booth: 'I resigned as a career move because there was no life for me other than to relapse into an intellectual stupor'

"Legendary" great aunt Constance, Countess Markievicz, became the first woman elected to the House of Commons in 1922, but as an Irish Republican firebrand she refused to take the Oath of Allegiance and never took her seat. Her sister Eva was a poet and muse of W.B. Yeats, who lived near the Gore-Booths' neo-classical pile of Lissadell in Sligo, now described in the Irish guidebooks as being in "much reduced circumstances".

Gore-Booth makes no secret of the fact that he quit the Foreign Office after failing to win what he saw as

the ultimate prize: the British ambassadorship to the United Nations in New York. "I thought it was the job I was best qualified for. I'd already had 3 1/2 years in New York. I thought I could do a better job there than anywhere else."

The string of controversies cannot have helped. They eclipsed his considerable achievements abroad and as assistant under-secretary of state for the Middle East, a post in which, as he justifiably claims, he helped restrict the enthusiasm of other departments for selling weapons to the Iraqis and worked quietly for the

release of British hostages in Lebanon.

With two senior postings under his belt - Saudi Arabia and India - he wrote to a headhunter when he returned to London. His curriculum vitae began: "Only \$5, he has held two very major missions..." The headhunter told him: "I can

accept 'at' \$5 or 'just' \$5, but not 'only' \$5."

Of his new career at HSBC, he said: "Banks are increasingly becoming the non-governmental diplomatic players."

Doesn't he regret, I asked, that during his career he was not some- times more - what's the

right word? - diplomatic? "I've always felt that one must be honest with oneself, honest with one's own government and as honest with other governments as one can be. This would sometimes get me into the public domain and anyone who does that has to expect what they get."

## At last, something a man will never leave.



ETHICS TODAY JOE ROGALY

## If it pleases it must be wrong

In the end, everything bows to the prevailing man-made law of consumer choice

What consenting adults do in private is their own business - right? We would have thought so, but that was before this week's debate in Britain's House of Lords. Their eminences voiced some succinct, if conflicting opinions. Let us savour three of the juiciest.

First, "I do not... see any moral distinction between a man of 47 or 57 having sexual intercourse with a girl of 16-plus and a man of that same age having sexual relationships with a boy of 16-plus." The speaker was Lord Williams, promoter in the upper house of a government bill to equalise the age of consent at 16.

Second, "I do not believe that any responsible parent would want his or her daughter to marry at 16... in particular parents do not want older men to form relationships with their 16-year-old sons." This from Baroness Young, who led a successful campaign to wreck the Williams bill.

Third, "Men and women are made differently... for the procreation and continuation of the species. Heterosexuality must therefore be the norm. Homosexuality... must therefore be an aberration..." So said Earl Ferrers. He was speaking,

we must presume, for the older generation.

If, like me, you are a member of the morally muddled majority, you could sympathise with all of the above. We are with the lord, and the baroness and, shielding our heads from stones cast by the rights activists, even the noble earl. Yet we favour the noble earl. We favour the passage of the bill, for reasons I'll explain later.

First, note that it will be revised next year. By that time the hereditary peers will have been defenestrated. If the remaining appointed members do not like it, they can be overridden by the lower house.

So we can take it that the new law, whose framework is supported by a majority of voters, will be on the statute books just about a century after all that trouble with Oscar Wilde.

This is consonant with Lord Williams' observation that "things are not as they were when I was a boy the word 'gay' meant happy, carefree, joyous. Homosexual men were referred to in pejorative terms and homosexual women were not thought to exist."

It is precisely because things are no longer like

that that the law of consent should not discriminate between the straight majority and the gay minority. In our rheumy eyes, 16-year-olds are children, but the law is most rational when it treats them as young adults.

We cannot change this on the ground that males mature, in the emotional sense, more slowly than females. Adult rights should come to both genders at the

same age. It is easy to see why, in contemporary liberal democracies, homophobia should be as passé as racism, or denial of equal opportunities to women.

This single proposition should settle what we concede is a close argument. The proponents of retention of 18 as the age of consent for gays say that young people's health is put at risk by their practices; the medical profession intimates that when a form of behaviour is illegal it is harder to encourage safe methods.

Some objectors protest that 16- to 18-year-old boys will be abused, or "sent the wrong signals". Possibly, but most child-care organisations support the change to 16. Perhaps they like the government's additional clauses, which should be strengthened, but will anyway make it illegal for people in a position of trust, like teachers, to exploit their younger charges.

The ethical question

We can take it that the new law will be on the statute books just about a century after all that trouble with Oscar Wilde

reflected in the debate is familiar. To what extent should the law determine what we do in private? It has been rehearsed, on all aspects of human behaviour, and with different answers, in most countries. In spite of the supposed universal loosening of moral restraints it will not be settled while we continue to harbour doubts about whether personal gratification is inherently sinful.

The principle behind this persistent notion has the merit of being simple. If it pleases it must be wrong. We will not escape this torment

unless we acknowledge that what was designed by nature for the propagation of humanity has become subject to the prevailing man-made law of consumer choice.

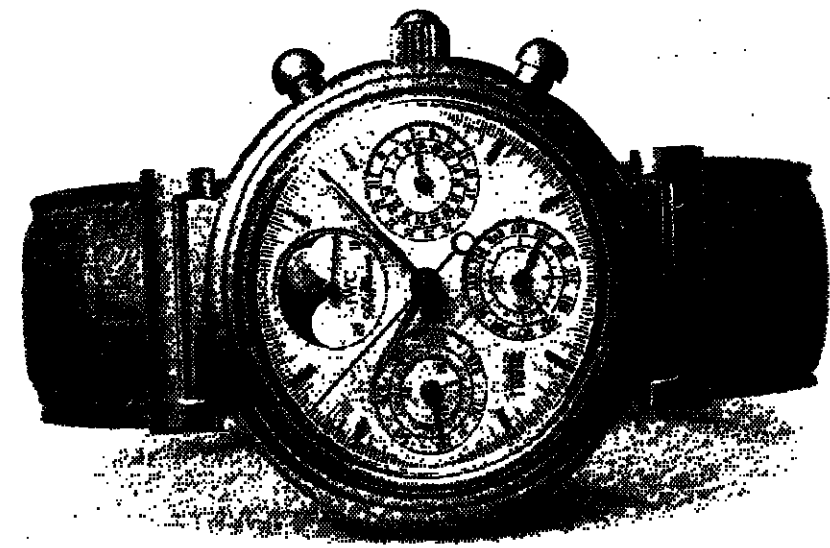
We no longer eat merely to survive. In the rich countries we stare at the supermarket shelves, dizzy with the possibilities. British television schedules centre on personalities telling us how to prepare and season the most exotic dishes.

We no longer hunt in a desperate effort to get food. Instead we stalk the jungle for money with which to buy the luxury of choice. Shopping, eating, even growing vegetables, have moved beyond subsistence. They have become recreational activities.

This ability to make selections from ever-expanding catalogues is only possible in societies that enjoy a continuous increase in wealth. Traditional family values cannot match such temptations. Young people emerge into a world of infinite possibility; there are more beckoning fingers than ever before.

We cannot protect them. They are on their own. The onward march of libertarianism is unstoppable.

Joe.rogaly@ft.com



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## BOOKS

## Loaded magazine

The Spectator is now more about attitude than substance, argues John Lloyd

## TO CONVEY INTELLIGENCE:

## The Spectator, 1928-1998

by Simon Courtald  
Profile Books £20, 288 pages

In his recently published *Voltaire's Cocoon*, Ian Buruma, a former foreign editor of *The Spectator*, gives a necessary corrective to this company history of the magazine. He describes an impromptu editorial conference among himself, Dominic Lawson, then editor, and the deputy editor whom he does not name, but by the description is Simon Heffer.

The subject was how to cover the assassination of Rajiv Gandhi. Buruma mentioned some Indian writers. "Suddenly I felt the figure on my left [Heffer] stir. 'Enoch' he bellowed. 'Enoch's always frightfully good on India!'"

Buruma left after an accumulation of such incidents (though Heffer never did induce Powell, whose biographer he later became, to write on India). He felt "ill at ease with young people... whose main aim was to conserve the system in which they had got on, and who looked at any alternative with amused contempt", and concluded that "The Spectator is one of these English institutions that lend aristocratic airs to middle-class striving".

He also admits that the political order it represents is more civilised than most ("but that is not saying much"). "Civilised" is a word which is much used of *The Spectator*, as in the comment quoted on this dust-jacket from Peter Stothard, editor of *The Times*, that it "brings civilised London to wherever I am in the world". The civility of *The Spectator* is so much celebrated that the quality has become a natural coupling with the magazine, one stressed in its own publicity, and in the advertisements it carries for up-market consumer goods.

It bears examination. A former managing, then deputy, editor in the late 1970s and early 1980s, Simon Courtald rightly calls at length columnists such as Bernard Levin, who wrote the "Taper" parliamentary sketch column in the 1980s and 1990s; and Timothy Garton Ash, foreign editor in the 1980s. Courtald is interesting on the personal/political feuding which surrounded the appointment and sacking of editors, especially when the magazine was owned by Sir Ian Gilmour from 1954 to 1967; he makes clear the sometimes leftish radicalism which hung about the magazine when it was

edited, from the mid-1950s to the mid-1990s, by Gilmour himself, Brian Inglis, Ian Hamilton and Ian Macleod. Its civility then derived very much from Gilmour and Macleod's concerned Toryism, and their desire, which seemed to be a real and important part of the reason they were in politics, to (as Macleod put it) "be more contemptuous of the bigots of left and right alike. Be more urgent in insisting on the brotherhood of man."

But Courtald gives too little examination of the change of political mood which took root under Nigel Lawson's editorship (1986-70), and has become ingrained since. It was a different kind of civility; little about it of *noblesse oblige*, much more – especially under the editorship of Charles Moore (1984-90) – an explicit union between the economic neo-liberalism of which Lawson was an early exponent, and a romantic chauvinism which derived from the Cambridge political philosopher Michael Oakeshott, together with

its civility has something fin-de-siècle about it as it wafts, adrift from any ideological mooring, into a future which it will probably hate

Maurice Cowling and others, students and fellows, at the Cambridge college of Peterhouse.

George Gale, editor from 1970 to 1973, was most closely linked to the Peterhouse School – but it surrounded Moore, who thought Oakeshott the most distinguished philosopher writing in English since the 18th century. It has solidified, like a once-placid gravy round roast beef, into a steady distrust of most things continental and all things to do with the European Union; a hatred of those it deems progressives; and a lingering affection – less pronounced than in the 1980s – for the world of country houses, riding to hounds and gentlemen's clubs. Snobbery is layered in it, like successive coats of varnish; as the magazine has become more popular (its circulation is now about 60,000), it has reached further into the world where status, power and wealth are burnished by the assumption of civility which *The Spectator* projects and the high literary

standards their writers – especially their reviewers – generally maintain.

But it is a shallow civility, at the mercy of the hatreds and reaction which still animate it at times. Its response, endorsed by editor Frank Johnson and political editor Bruce Anderson, to the debate on the extradition of General Augusto Pinochet, the former military ruler of Chile, was to demand the extradition of Eric Hobsbawm, the Marxist historian. This failure to distinguish between real and thought crimes was a descent into a virtual totalitarianism which, though satirically expressed, seemed to be genuine. It cannot pretend that the Conservative party has much to recommend it; and thus it follows the rest of the Tory press in toying with candidates for leadership other than the present leader, or, increasingly, finds its subjects outside of politics. It does not stoop to understand European politics, preferring to adapt them to the caricatures it lovingly maintains of them in its Clerkenwell offices.

Johnson, one of the most brilliant parliamentary sketch writers of the 1970s and 1980s and a correspondent in Germany who self-confessedly covered the country while speaking to as few Germans as possible, retains his habit of regarding politics as a human zoo whose occupants should be poked. He reflects New Labour, to whose constitutional and cultural projects the magazine is deeply opposed, through such writers as Sion Simon (a real discovery) and Derek Draper, both former Labour party officials and both avid to expose and criticise the party they once served. The debates on principle or on strategy, which still found a place in the paper until the early 1990s, are now gone. *The Spectator* is more about attitude than substance.

If moderation of judgment is no longer considered a virtue (it is almost nowhere: *The Spectator* is not the original sinner in that), its version of civility at least reins it back from an anything-goes assault of the kind the American *Spectator*, with other publications, launched on President Clinton. It is too restrained to manufacture enough venom for such a venture, or does not care deeply enough; despising postmodernism as a movement, it is nevertheless itself postmodernist in that, its civility has something, appropriately, fin-de-siècle about it, as it wafts, sometimes amiably, sometimes waspishly, adrift from any ideological mooring, into a future which it will probably hate.

John Lloyd is an Associate Editor of the *New Statesman*.



Painter's dilemma when faced with a stupendous display of nature: Caspar David Friedrich's 'A Wanderer above the Sea of Fog'

## Filling in the blank canvas

Things are thingish'; expression is a joke: Sarah Whitfield on how art communicates with us

## WHAT IS PAINTING?: Representation &amp; Modern Art

by Julian Bell  
Thames & Hudson £12.95  
250 pages

Among the plentiful photographs reproduced in Julian Bell's provocative and challenging book are two well-known paintings, Caspar David Friedrich's 'A Wanderer above the Sea of Fog', c. 1818, and Gustave Courbet's 'The Stonebreakers', of 1849. Friedrich's elegantly dressed Wanderer, seen from behind, stands on a rocky outcrop gazing over a vast panorama which is partially submerged in white vapour. Courbet's stonebreakers, on the other hand, are not only down to earth, but bound to it with their hands, feet and knees, their working clothes covered in its dust and grime.

Both paintings can be seen as portraits of the artist. Friedrich is the "witnessing figure" who, as Bell points out, stands as "a marker of the impossibility of fully grasping the infinity he reaches for". Courbet is the "stonebreaker" ramming home to us that paintings are made of tangible things, like pigment and canvas, that "things are thingish". He alerts us to the intricate set of sensations, pleasing and displeasing, that make up touching, sensations which we are often far too preoccupied to pay much attention to. Looking at 'The Stonebreakers' is like having a bone clicked back into place.

Friedrich's Wanderer tells us something else. He tells us how appallingly difficult it is to grasp even a tiny part of what it is we are looking at. One might say that this is the one work of art reproduced here that best sums up the dilemma of being a painter. Faced with a stupen-

dous display of nature how many of us know how to begin to deal with it, how to get hold of it, how to respond with more than an inarticulate sigh of wonder? Friedrich confronts us with a helplessness it is the purpose of every artist to get beyond.

Bell knows about this because he is a painter as well as a very good writer on art. And his own experience of facing the blank canvas permits him a frankness that is found all too rarely in writers who dare to tackle questions as big as "What is Painting?". Take for example Bell's bold and surprising statement, "expression is a joke". Bell argues that a painting might express something for the painter but this does not necessarily communicate itself to the viewer because the pigment on the canvas is indeterminate in meaning.

Its meaning is not an idea or an emotion, not an unequivocal message: 'What we see is what we get; a product, not a process, lies on the wall'

"just as a stone is". Its meaning, he reminds us, is not an idea or an emotion, not a specific, unequivocal message. "What we see is what we get; a product, not a process, lies on the wall."

But, he goes on, we are not happy to accept this. "We yearn for expression to be communication, for every wandering mark to find its home." (This one remark explains, I think, why exhibitions by painters with very recognisable marks, such as Monet or Van Gogh or Jackson Pollock, attract their huge crowds.) He does allow, however, that some of those "wandering marks" find a home and cites as an example a painting by Howard Hodgkin. Even so, again he warns us to be on our guard. Declaring Hodgkin's title "preposterous", he asks: "How can a jungle of colours communicate, as Hodgkin

claims it should, the private memory he labels 'Dinner in Palazzo Albrizzi'... the swipes and splodges of colour thrill, seeming to promise 'meaning', though meaning no one thing." In fact, one could argue that Hodgkin is claiming nothing of the sort. His title merely tells us that the painting is founded on memory, how precise or imprecise it is not our business to know, but the knowledge that this is the case provides boundaries which, so far from being "preposterous", focus our attention.

Whether or not we are willing to admit it, titles do alter our view of a painting. Bell reproduces an innocuous seascape painted by William Lionel Wyllie in 1906, and deliberately omits the title from the caption. Not until we turn the page do we discover that what we have

think at least give it a chance. "The terrible burden thrust upon him as the longed-for 'great American artist' of the post-war era is a reminder of the power and the reach of those museum tentacles."

All this is admirable, but Bell does have his foggy side. Art in the 1990s is pumping with energy, but one wouldn't guess it from this book. It is perhaps significant that the most recent painting he reproduces is a 1992 nude by Lucian Freud. For many, including this reviewer, a work by Freud says far less about the health of painting today than a work by Malcolm Morley (b. 1931) or Gary Hume (b. 1962).

Bell's knowledge of both the history and theory of art out-distances many of those whose job it is to write about these matters (the annotated bibliography that appears as the "Sources and Resources" section at the back is a model of its kind). Even so, as he admits, he is "more comfortable with the evidence of the eyes than with the hearsay of theoretical debate", which is why *What is Painting?* is intended to work as a picture book as well as a theoretical text.

The paintings by Friedrich and Courbet are one example of an inspired pairing of images, another is the comparison made between an early 12th-century Chinese painting of a monkey and George Stubbs' "Green Monkey" of 1774. In the earlier work, the subject is pictured against a flat and empty background; still and contained, absorbed in just being, this monkey is the essence of the spiritual. Stubbs' macaque, erect and looking us straight in the eye while stripping a branch of its fruit, bristles with a ferocious curiosity. How better to illustrate the difference between the cultures of the transcendental enlightenment of the east, and the scientific Enlightenment of the west?

childhood and the sequence of events in the Underground, but the crowning stone in this arch seems to be missing. When Casimir finally finds the murderer, who has inevitably been mangled by a train, this death does not bring resolution or structural fulfilment.

Hill, who has already made a name for himself as a poet, has written a post's novel: there are flashes of brilliance in language and imagery which, however, do not quite achieve coherence over the length of the work. This is a book full of smells and noises, posters and street signs, almost a miniature version of a John Dos Passos novel.

It is, however, not a sensuous work, as Casimir's

emotional dimension disappears in the London parts, making it difficult to empathise with him. In the last third of the novel, I found myself yearning for a change of pace and rhythm to break a stylistic monotony that at times is curiously ill-suited to the dramatic sequence of events. This is, in part, a story about catching a serial killer, after all. The psychology underlying these killings and the eventual apprehension of the murderer share little with the multi-layered complexity and darkness of the subterranean world in which Hill has his characters play out this drama.

Philipp Blom

## In partnership with the planet

Andrew Motion on a man for all seasons

## SELECTED WRITINGS 1974-1999

by Richard Mabey  
Chatto & Windus £20, 326 pages

cious, and reactionary; it has never really recovered from the wounds inflicted by Evelyn Waugh in *Black Mischief*. Mabey, though, avoids this sort of back-sliding. The point is not simply that his prose is exceptionally watchful – the best is fit to stand beside Gilbert White and Edward Thomas – but that his most passionate imaginative engagements lend weight to a large and guiding argument. Although it

does not wag its finger or deliver sermons, *Selected Writings* insists on the need to accommodate change – not blindly, or so as to vandalise traditions, but in order to find ways of living in the present that are both realistic and enriched.

This drive for enlightened tolerance takes a number of forms. It means that Mabey never misses a chance to criticise 19th-century enclosures and to relish the "skeleton of earlier landscapes" – an intricate network of boundary banks, green lanes and remote woods". It leads him to show a good deal of sympathy for the Gaia hypothesis, promoted by James Lovelock, that "welds together a commitment to scientific advance and a belief that nature knows best". It allows him to keep a steady eye out for combinations of ancient and modern, wild and tame – swifts over Wembley Stadium after the Rugby League Cup Final, or a black rookery "darting round the remains of an old Port of London Authority building".

In one of his best pieces, "On Stewardship", these things swirl together to define the governing sense of the whole book. The essay describes the work Mabey and friends did in a "small

Chiltern wood" he bought in 1981. At the outset, he was by his own account full of "blatant slogans" about how to "return the wood to the community, preserve it for posterity"... [and] create a sanctuary. Ten years on, he had decided that these ambitions were presumptuous, and that "any conscious decision to intervene in natural systems involves a labyrinth of cultural assumptions, in which personal – or at least anthropocentric – objectives all too often masquerade as altruistic ones, done for 'nature's sake'." It is far better, he concludes, to react to the planet as a potential partner than a steward.

The humanity of this, and the range of good writing which illustrates it, makes *Selected Writings* a valuable book. It is a pity, then, that somebody at Chatto & Windus did not edit it more rigorously. It is too long, it needs a proper title, so as not to seem merely a ragbag, and it needs its repetitions taken out. The first time we see Ted Hughes's swifts mentioned, or Dürer's "Large Tuft of Herbs" or a work by Andy Goldworthy, we take it as evidence of Mabey's range. When we see it again it seems exactly the opposite.

For all that, the book's greatest appeal is never compromised. On page after page, in description after description, it shows us the little boy inside the man, always eager to set out on another adventure of the senses, and always dreaming of finding another miracle-in-ordinary.

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## FICTION IN BRIEF

## Mind the gap, please

The London Underground is a place of familiar dislocation to everyone who uses it: a city transformed into a succession of dots and intersections.

Tobias Hill's first novel, *Underground* (Faber £9.99, 208 pages), is set in this subterranean world, but his is a different Tube from the one known, and rarely loved, by its passengers. Hill's is a network of forgotten tunnels, abandoned stations, lightless rodents and

down-trodden people who share the fate of being cut off from daylight by their jobs as rail and station workers.

Casimir is a young Polish worker living alone in a London bedsit. He becomes fascinated with a homeless girl he sees on the tube, and becomes concerned for her when he learns that she is sleeping rough in a disused tunnel and that a murderer is stalking young women on the Underground.

The London chapters are contrasted with others recounting Casimir's growing-up in Poland. These densely and sensitively woven images of childhood are the finest passages of the novel. There are some horribly memorable sentences here: Casimir's father, who lived through the war, teaches his son: "Always kill the German before the Russian. Business before pleasure."

Throughout these recollections the tensions in Casimir's childhood, and therefore in himself, slowly emerge: his father's hateful indifference, the despair and eventual dementia of his Jewish mother, his own troubled identity as someone who finds himself having to explain the fact



Poetic Tobias Hill

that his middle name is Ariel.  
The architecture of the novel endeavours to unite the trauma of his Polish

مكتبة الاسرار



## BOOKS

# Chinese whispers

The west has always been fascinated by the east. Isabel Hilton puts her ear to the ground

## THE CHAN'S GREAT CONTINENT:

China in Western Minds

by Jonathan Spence  
Penguin £20, 279 pages

As well as producing histories of China, Jonathan Spence has worked the fascinating lode of the encounter of China with the west and its effects on both sides – a subject that he has explored ever since *The China Hands*. In *The Chan's Great Continent*, Spence returns to the interplay between China and the west, though this time he concentrates almost exclusively on the impact on the west of the idea – and eventually the realities – of China.

As Spence acknowledges in his introduction, this is not to any great extent a book about China. Rather it is an exploration of China's role as stimulus to the western imagination and intellect, a description of how outsiders imagined, perceived and described the place from the earliest sightings to the Nixon visit in 1972.

The book grew out of a series of lectures given at Yale University in 1996 and perhaps this explains its slightly disappointing aspect. It is an episodic work and, given the range and diversity of viewpoints that Spence is trying to cover, a fragmentary one. It is held together by the loosest of threads – that all the

major voices are foreign to China.

Many of those voices will be familiar to his readers. Marco Polo, of course, gets a turn, his account described as "evasive and problematic... a combination of verifiable fact, random information posing as statistic, exaggeration, make-believe, gullible acceptance of unsubstantiated stories and a certain amount of outright fabrication." It is a fair description, but the point, as Spence makes clear, is not that we cannot believe everything Marco Polo pretends to tell us – or even be very clear about

After Columbus, Europe was distracted by the New World and it was another 200 years before renewed contact inspired a passion in Europe for *Chinoiserie* and Europe's writers and philosophers began to use China in their attempts to frame their respective theories of society and ethics. Writers such as Daniel Defoe, Montesquieu, Oliver Goldsmith and Horace Walpole all used China, and the diversity of their perceptions, as Spence points out, reveals more about the writers and their ideas than it does about the place they purport to describe.

**China's role as stimulus to the western imagination and intellect is explored, with descriptions of how outsiders imagined, perceived and described the place**

what we should or should not believe – but that his account had an extraordinary impact on later travellers and writers.

Christopher Columbus had read it closely. In Columbus' own copy, the marginal notes reveal the appeal of Marco Polo's commercial intelligence, but also Columbus' lively interest in the accounts of the sexual mores of the Chinese. Poor Christopher Columbus. Not only did he never manage to develop any China trade, but his faulty geography meant he never enjoyed the other pleasures of which he seems to have dreamed during those long months at sea.

For the first realistic reports, we had to wait until the western embassies began to visit towards the end of the 18th century and, again, the attitudes of the writers produced radically varying accounts. Some episodes, though, touched a chord in this reviewer – Lord Macartney, for instance, grew weary of being "narrowly watched and all our customs, habits and proceedings, even of the most trivial nature, observed with an inquisitiveness and jealousy which surpassed all we had read in the history of China." Others describe the crowds that gathered to stare – and sometimes to throw stones, phenom-

ena that survived well into the latter half of the 20th century.

Spence sketches the development of perceptions of China, through *Orientalism*, *Chinatown* thrillers and the yellow peril to the political response of the 20th century – and points out that of all the 20th-century writers and fellow travellers, none produced a more enthusiastic portrait of Mao than did Richard Nixon and Henry Kissinger. Even Edgar Snow, whose *Red Star over China* was so carefully orchestrated by Mao, kept a more level head than Nixon, who described the great Helmsman as a "colossus" whose mind "moved like lightning".

There are some odd absences in this book. I would have liked to read, for instance, Spence's view of the celebrated former Edmund Backhouse, who gullied Cambridge University into the purchase of many an "authentic" document. And, for that matter, his judgment of the controversial *City of Light*, the recently published account of the Italian merchant Jacobo d'Ancona's alleged visit to China four years before Marco Polo. The text is claimed by the British scholar David Selbourne to be genuine. Spence himself is reported to share the scepticism of many other scholars. In a study of western responses to China, both might have been worth a mention.

To order a copy of *The Chan's Great Continent* at the special price of £18 (p&p free in the UK), call the FT bookshop on +44(0)181-324 5511.



Over the last 200 years the passion for *Chinoiserie* has influenced designs for everything from furniture to window boxes. Here, a vivid example in John Galiano's 1997 pre- and post-war designs for Christian Dior, included in *China Chic: East Meets West* (Yale £24.95, 198 pages), a history of Chinese clothing and fabric by Valerie Steele and John S. Major that accompanies an exhibition of the same name at New York's Fashion Institute of Technology (until April 24)

## Pilgrims' progress: a triumph of faith

Jane O'Grady makes the journey through the history of the holy mountain grotto

### LOURDES: Body and Spirit in the Secular Age

by Ruth Harris  
The Penguin Press £25, 474 pages

throwback to pre-Enlightenment superstition, opposed to scientific and political progress. Ruth Harris seeks to challenge this standard dichotomy. Neither a religious apologist nor an atheist, she is a non-believing sympathiser who attempts to portray Lourdes' history impartially. She admits that some Assumptionist priests and others closely associated with Lourdes have peddled conspiracy theories about Jews, Freemasons and Republicans, been anti-Dreyfusards and favoured the Vichy regime. But, she

maintains, the Lourdes phenomenon was in many ways part of a humane trend that broke down the scientific divisions between mind and body, barriers between classes and women's social fetters.

Many feminist historians see the cult of the Virgin Mary, even if partly reinforcing female docility, as an enhancement of women's status and self-worth. Harris, too, is keen to claim that the disparagingly termed "feminisation of religion" was not the promotion of sentimental irrationality by suggestible, bigoted "anti-modern" women. Rather it encouraged a sense of Christian collectivity in which people of different ranks united, the rich often serving the poor. Women of all classes were enabled to fulfil themselves in nursing, organisation and fund-raising roles previously barred to them.

Again, if the setting up of the Medical Bureau, with its scientific procedures, epitomises the ascendancy of 19th-century positivism to which even the Church had to genuflect, Harris insists that Lourdes was equally affected. The Parisian neurologist

patients to make the Lourdes pilgrimage.

The alleged cures are often ascribed, dismissively, to the power of "suggestion", but, as Harris says, this is a pseudo-scientific non-explanation. It implies some

**Lourdes, like many religious phenomena, appeals to the extreme of objectivity, the supernatural, and the extreme of subjectivity, the private soul**

Charcot, an expert in hysteria, showed great, if sceptical, interest in the cures, which, according to Harris, forced him to recognise the limitations of his therapies. In an article he wrote shortly before his death, he admitted the importance to recovery of religious faith, and that he himself had advised some

underlying mental or physical mechanism, which it never fleshes out. Unfortunately, however, he seems to fall back on an account that sounds remarkably like "suggestion" himself.

Despite the book's subtitle – "Body and Spirit in the Secular Age" – there is little

philosophical or psychological analysis of the "transcendence of the mind/body divide" which Harris invokes. Perhaps she intends the Lourdes phenomenon to be seen on a par with "alternative medicine" – a "holistic" therapy ungrounded in objective scientific explanation that sometimes "works". Yet this eludes the believer's experience, which encompasses both the intensely subjective and (in aspiration) objective truth. While, like any religion, Catholicism purports to attain a supernatural reality beyond the reaches of science, this realism has always led it to engage in pseudo-naturalistic debate.

Such literal-minded issues as whether the Virgin could have received God's sperm through her ear have been disputed since the Dark Ages. To the postmodern mind, myth is on a level with science, just one of

many equally valid stories we tell ourselves. To the old-fashioned Catholic, as to the rigorous scientist, only the truth will do.

But for the Catholic, Harris's own relation to the truth is also important, and this too is lacking from *Lourdes*. Meticulously charting Bernadette's life, the rise of Lourdes' fame, rivalries or alliances between priestly patrons, how religious affairs intersected with politics and science, Harris omits her subjective experience. She mentions in the preface being deeply moved by her visit to Lourdes, but the book is sadly impersonal.

Harris admirably achieves the historian's brief of neutral recording, but not that of theorising or bringing a subject to life. She laments historians' failure to acknowledge "the sustained attraction of religious mystery", but fails to convey or dissect it herself. Lourdes, like many religious phenomena, appeals to the extreme of objectivity, the supernatural, and the extreme of subjectivity, the private soul. These are alluded to, but, in the doggedly accumulated detail, lost.

## Real men about the house

### A MAN'S PLACE: Masculinity and the Middle-Class Home in Victorian England

by John Tosh  
Yale University Press £19.95, 252 pages

In the 19th century, as never before, women stayed at home and men went to work. At least among the middle classes. This is so much the case that the doctrine of separate spheres tends to be thought of as a Victorian invention, finding its most perfect expression in Coventry Patmore's mid-century sequence of poems hailing "the angel in the house". Of course, this stilling ideal of womanhood had no sooner been fully enunciated than it began to come under attack, while its influence on the lives of working-class women – and especially prostitutes – can only have been marginal.

Historians have for the most part been interested in its effects on women, assuming that separate spheres really did mean a strict demarcation between private and public which corresponded almost exactly with the worlds of women and men. That is why John Tosh's argument, in this intelligent and elegantly written book, seems both subversive and intriguing.

"Never before or since has domesticity been held to be so central to masculinity," he announces boldly in his introduction. "For most of the 19th century home was widely held to be a man's place, not only in the sense of being his possession or fiefdom, but as the place where



By the end of the century, the mid-Victorian domestic ideal has turned to disenchantment

his deepest needs were met." Separate spheres, in Tosh's formulation, operated asymmetrically for men and women. Indeed, he questions the very basis of the doctrine, suggesting that "it loses sight of the distinctively masculine privilege of enjoying access to both the public and the private sphere. Middle-class men proclaimed their need to spend a significant proportion of their adult lives at home, and to a remarkable extent they did so."

Tosh is professor of history at the University of North London, and his evidence for this assertion comes in the form of letters, diaries and family memoirs. The relations between parents and children, in particular, serve as illustrations of the contradictions and complexities which undermined the notion of the home as an essentially feminine space.

Thomas Sanderson, for example, added his wife's name, Cobden, to his own on the occasion of his marriage in the early 1880s; he also gave up his original profession, the law, and retrained as a bookbinder, which allowed him to work at home. His devotion to his two children was frankly expressed in his diaries, where he described seven-month-old Richard as "a most delightful boy".

At the other end of the scale, and conforming more closely to

the notion of an unbending Victorian patriarch, is Edward Benson, headmaster of Wellington College and later Archbishop of Canterbury. Benson frequently chastised his wife Mary, accusing her of failing to provide sufficient support and tenderness, a charge she took seriously. "I have not yet deserved the privilege of being his comforter," this unhappy woman wrote in her diary. "I never feel my own want of womanliness so much as when he is in trouble or ill."

The next generation of this unhappy family, including the novelist E.F. Benson, not surprisingly feature in Tosh's chapter on the "flight from domesticity" – the hostile reaction to the mid-Victorian ideal of domesticity which expressed itself both in a renewed interest in adventure stories and "a much keener sense of the drawbacks of domestic life for men".

By the final decades of the century, a significant number of middle-class men were delaying marriage or opting not to marry at all. As early as 1869, W.R. Greg was complaining about "the fetters of a wife, the burden and responsibility of children, and the decent monotony of the domestic hearth". His disenchantment would be echoed, in even more violent language, by the New Women who attacked

Victorian values from a different direction – for their stultifying effect on women.

What this book demonstrates is that the extreme gender dichotomy of the mid-Victorian period contained the seeds of its own destruction because, in the end, it suited neither sex. Its ideological effects, however, proved surprisingly durable, and not just because we can still perceive the faint outline of Victorian notions in our own discourse about sexual difference.

The ideal of Victorian domesticity also, as Tosh shows in one of his most compelling passages, identified the home as the locus of morality, a retreat in which men had access to a system of values which were too rarified for the rough world of 19th-century capitalism. Home, and the woman at its heart, offered a "refuge from work in all its negativity". In that sense, the doctrine of separate spheres can be seen as an early example of the male ability to compartmentalise aspects of life which 20th-century feminists would later criticise. One of the virtues of this excellent book is that it demonstrates the harsh political reality behind Victorian values, and the price they exacted from men and women alike.

Joan Smith

## Across the great divide

### MARTIN LUTHER: The Christian Between God and Death

by Richard Marius  
Harvard University Press £19.95, 540 pages

Martin Luther has come down to us in two guises, says his latest biographer, one black, one white. Such deep division about the hero/bogeyman who died 450 years ago is as much a tribute to the force of his strange personality as a reflection of the lasting damage he inflicted on western Christendom.

The polarity is hardly surprising. For, like the scriptures he claimed so certainly to understand, Luther displayed an ambiguity of temperament (a key word in this account) and an inconsistency of doctrine that alarmed his friends and delighted his enemies. Richard Marius, who says his own approach here is "essentially non-religious", has done critical justice to both sides of Luther's infuriating, impressive nature.

Luther frightened people because he was frightened himself – not of princes and popes, nor even of hellfire, but of death. His passion for religious truth was genuine but it sent him spinning out of control. According to this account, it was not hatred which made Luther so famously vituperative, but frustration. Yet he denounced the peasants ("A peasant is a pig hit him, and he's dead") when the peasants thought he was their champion. And his writings against the Jews were disgraceful even by the low standards of the late Middle Ages.

If only he had been as smooth as his fellow dissident Erasmus, whose philosophical brain he came to hate, or as worldly as his opponent Sir Thomas More, Europe might have spared a bloodbath. The greatest paradox of all was that Luther was a

reformer who could not help sounding like a revolutionary. "What torments me and all honest people is that with your character that is so arrogant, impudent and rebellious, you plunge the whole world into fatal discord," Erasmus wrote to him in 1526.

Yet the zealot who made the new-fangled printing press run hot was a deep and subtle theologian whose dialectic was all too easily twisted into sound-bites. So he was naïvely shocked when others – fundamentalists, Anabaptists, insurrectionists – ran away with the message and dared even to deny the real presence of Christ in the Eucharist.

Marius claims that Luther's theology was driven by the needs of a depressive psyche, but he resists the temptation to psychoanalyse him. He gives short shrift to the hypothesis of the psychoanalyst Eric Erikson

**The greatest paradox of all was that Luther was a reformer who could not help sounding like a revolutionary**

that Luther's revelatory moment – that the righteousness (*iustitia*) of God meant not the threat of punishment, but the mitigation of sin – was the product of a sudden release of the constipated monk's bowels in the privacy of his tower at Wittenberg.

Away from the writing desk and the pulpit, Luther was witty, honest and generous. He was also brave. Without the protection of Frederick the Wise, Elector of Saxony, he might easily have ended up on the fire; yet he showed a foolhardy courage against the agents of Rome and survived to meet an unexpectedly tranquil death in 1546.

Catholic propagandists had a

field day, as he knew they would, when he gave up his Augustinian vows and at the age of 42 married a former nun, Katherine von Bora. He did it out of kindness, says Marius; a heretic facing the stake should not marry, he told the Elector's secretary. Yet he grew to love his wife deeply and had six children by her.

Luther felt ultimately his mission had failed and berated the Wittenbergers for their continuing impiety ("you vulgar slobs," says the translation of that sermon). He was horrified by the political consequences of his teaching, even while his denunciations of the use of indulgences as a kind of martyr's blood bank, of the "anti-Christ" in the Vatican, of the errors of Church tradition, grew ever more strident.

This is a scholarly book with a lively narrative style and a catholic viewpoint; yet readers may find the theological chapters hard going, and the book is poorly served by its index. One other complaint: Luther's contribution to music – he loved congregational singing and provided the raw material for a great German tradition of chorales and cantatas – is cursorily treated.

Luther handed down a legacy of bloody massacres, anti-clerical cynicism and a regrettable (to Marius) weakening of the sacramental bond for his Protestant heirs. From today's standpoint, however, his message seems in other ways prophetic and constructive. Many of his liturgical reforms have been adopted by the Catholic Church. Though a witch-hunter, he sought equality for women (though not ordination). He established the German language. He resisted compulsion of belief, pioneered the critical study of scripture, and foresaw the emancipation of the laity.

This biography suggests that if the Catholic Church had not been so complacently corrupt, the volatile preacher of Wittenberg might have got the Reformation he wanted, not the schism he unintentionally created.

Christian Tyler



# How Tintin saw red

The cartoon-strip character's politically-charged first trip is finally reaching a wider public, reports Andrew Jack

Seventy years after Tintin, the cartoon-strip boy reporter, began his adventures around the world, the details of his little-known first trip have been brought to light again. One of his most politically-charged stories, based in a country that has seen more transformation than almost any other in this century, *Tintin in the Soviet Union* has never before been available to a wide public.

Some 200m Tintin albums have been sold in 58 languages since 1929. The boy reporter travelled to Eastern Europe and Scotland, the Middle East and Africa, North and South America, China, Tibet, and even the moon as he adapted to the evolving century.

But it was only at the start of this year that the story of his earliest assignment was finally released in French in a mass-market form, and the history of *Tintin in the Soviet Union* is as intriguing as the contents of the album itself. The youthful Georges Remi (who invented the initials of his name to create his pseudonym Hergé) had only recently returned from his military service when he was hired as an illustrator for the Belgian newspaper *Le XXe Siècle*. Put in charge of the weekly children's supplement, *Le Petit Vingtième*, he was just 22 when he created Tintin as a double-page black-and-white cartoon spread.

Hergé was a pioneer in Europe in the use of speech bubbles in cartoon books. It was a format so strange at the time that he had to fight to stop a French publication reproducing his work from adding explanatory narrative texts underneath each picture.

The Russian adventure proved so successful that the strips were compiled into an expensive limited edition album in 1930 which swiftly sold out. Over the following decades, Hergé would produce another 22 Tintin stories, switching by the early 1940s from

the weekly comic strips directly into the book format sold today. But although the author went back over almost all his earlier work, editing and colouring in the different adventures to re-release them in the new format, he left *Tintin in the Soviet Union* untouched and abandoned. The printing plates for the originals had been damaged, and he did not consider it worth the effort to re-do them. According to Etienne Pollet at Casterman, publishers of Tintin since 1932, Hergé "was conscious of the naivety and weakness of the scenario".

Flicking through the book today leaves little doubt that this

in full swing. But he discovers that it is all a charade, and that the impressive smoke and noise of industrial production is being created by two workers burning hay and banging a sheet of metal with a hammer. He witnesses a "democratic" election, in which Communist officials seek support from a crowd, and then whip out their guns before asking if anyone wants to vote against them. He attempts to stop the theft of food and dekulakisation of a village, and is appalled by the neglect, poverty and intimidation in the streets of Moscow. These scenes are juxtaposed with others showing revolutionary leaders

been a collaborator during the German occupation, when his Tintin stories included some stereotypical Jewish caricatures - even though they also mocked the Germans as brutish and militaristic.

When Casterman finally released *Tintin in the Soviet Union* in an expensive limited edition in 1973, it was only under a threat from Hergé to find another publisher. Pollet confirms that "coming shortly after the events of 1968, it came in for considerable political criticism." In 1979, Georges Marchais, the leader of the French Communist party even sent a telegram on the 50th anniversary of its original publication, which only partly in jest called the book "a scandal".

As late as 1981, in response to a second facsimile edition, *L'Humanité*, the party's newspaper, labelled it "a crude anti-soviet attack". Yet just before the album was released this year, *L'Humanité Hebdo*, the paper's weekly magazine, featured it in detail - and in a far more positive light. "Before the fall of the Berlin wall, it would have been very difficult to release a mass-market version," Pollet believes.

One country which has always been denied access to Tintin's first adventure is Russia itself. Half a dozen other albums have been translated into Russian, but largely for émigrés based elsewhere. In an indication of the state of post-Soviet Russia, Pollet says both the lack of a culture of cartoon books and the absence of a healthy publishing industry have so far prevented him finding a Russian partner.

'Les aventures de Tintin au pays des soviets' (Casterman, Fr56) will be published in English on June 1 by Methuen, when 'The World of Tintin' exhibition also opens at the Science Museum, London SW7.

**Aficionados will notice many themes that would recur in later adventures, but what is most striking about 'Tintin in the Soviet Union' is the critique of the USSR**

first adventure is more crude than its successors. Tintin is a more violent character, frequently engaging in brawls and sometimes even provoking them - in contrast to his later, more altruistic personality. But aficionados will notice that the first album contains many of the themes that would recur in the boy reporter's later adventures. Driving a car to escape his enemies, Tintin's hair blows back, creating for the first time his characteristic quiff. There are disguises, hidden passages, fake firing squads and mountain pursuits that cause him to trip and fall, turning him into a human snow-bell - all to be repeated in subsequent albums.

Yet what is most striking throughout *Tintin in the Soviet Union* is the critique of the USSR. Tintin watches a group of English Communists admiring the pace of post-revolutionary progress at a factory apparently

amassing secret hordes of wealth, and food supposedly destined for export to give the impression of the Soviet economic miracle to the west.

Although a little exaggerated, this portrayal now seems to have been ahead of its time - based as it was on the work of early and highly critical observers of the Soviet regime, including Albert Londres (the adventurer-journalist who was a model for Tintin) and *Moscow Unveiled*, a book by the Belgian consul in Rostov-on-Don, Joseph Douillet.

But for many years, the album posed a problem for its publishers. In the early 1960s, plagued by demands from his friends for reprints, Hergé asked Casterman to re-issue it. The publisher resisted, apprehensive of how, in the words of Pollet, "the intellectual milieu, by definition on the left, would react". The story's strong anti-Soviet line helped to fuel suggestions that Hergé had

## LES AVENTURES DE TINTIN REPORTER DU "PETIT VINGTIÈME" AU PAYS DES SOVIETS



casterman

Tintin: the history of Hergé's first cartoon story is as intriguing as the album itself

Millennia come and go. Reputations rise and fall. Where will the Booker and Whitbread Prize-winners of today stand in the year 3000? Publius Ovidius Naso - better known as Ovid - was not aware that he was born in one millennium (in 43 BC) and that he died in another (in AD 17). But he had some idea that his work would long survive him. Like his contemporary Horace in his *Odes* ("Now have I reared a monument more durable than brass, / And one that doth the royal scale of pyramids surpass" to quote from the translation by prime minister Gladstone) and like Shakespeare in his Sonnets ("So long as men can breathe or eyes can see, / So long lives this"), Ovid was proud and confident that his

**Ovid is now enjoying what is probably the highest esteem he has known since the Renaissance**

work would endure. In bringing to a close his *Metamorphoses* - truly his magnum opus: almost 12,000 lines of Latin hexameters, in 15 books - he wrote that "neither the wrath of Jove nor fire nor the sword nor the gnawing tooth of age can undo" his achievement.

Yet Ovid's reputation has certainly wobbled. Some 25 years ago, I was encouraged to think of Ovid in the way I was encouraged to think of Byron: as a more versatile, all too proficient. The exception in Byron's case was (so went the doctrine) his *Don Juan*; in Ovid's case, the *Tristia*, the poems he wrote in exile at the end of his life. At no point was I required or encouraged to consider Ovid's literary merits, as I was with Virgil, Horace, and others. Virgil was the most poignant, heroic and sonorous of the Latin master-poets; Horace, in his gorgeous word-mosaics, his virtuoso mastery of various forms, and his range of mood, was as perfect as Mozart. Ovid was deemed, by these standards, all too proficient and flib.

In the last 20 years, this has changed. New transla-

## Bless thee! thou art translated!

As the Royal Shakespeare Company stages Ted Hughes's 'Tales from Ovid', Alastair Macaulay reassesses the Roman poet



Tristan's 'The Death of Actaeon': stories such as Pygmalion and Galatea, and Diana and Actaeon, would scarcely be known to us today were it not for Ovid

tions have refreshed our view of him; new criticism has restored him to the pantheon. In particular, Ted Hughes's *Tales from Ovid* - the Whitbread Prize-winner of 1997 - has raised again the profile of Ovid's *Metamorphoses*. When the Royal Shakespeare Company's literary manager, Simon Reade, heard Hughes reading these on BBC Radio, he had the bright idea of commissioning the director Tim Supple to stage some of them. The telling of tales is what Supple does better than anyone else today; he has staged *The Jungle Book*, and (brilliantly) two differ-

ent programmes of tales of the Brothers Grimm. As a result, *Tales from Ovid* is now entering the RSC repertory. And Ovid is now enjoying what is probably the highest esteem he has known since the Renaissance. On Radio 4's *Start the Week* this Monday, Supple was asked, "Why stage these tales?" One might as well ask "Why did Hughes translate them?" Because they are there; because they are marvellous; because they have been part of our culture for centuries.

Ovid's poetry is simply a cornucopia. The great Soviet poet Mandelstam was refer-

ring to Ovid when he, also in exile, wrote his *Tristia*. Ovid's *Heroides* (*Heroines*, *Amores* (*Love's*), and, above all, his *Metamorphoses* have given to succeeding centuries a vast, dramatic, eloquent and pictorial source of mythology. Petrarch, Chaucer, Dante, and Shakespeare raided them in creating their own ideas; Veronese, Titian, Poussin and van Dyck took direct inspiration from them for their paintings. Stories such as Pygmalion and Galatea, Pyramus and Thisbe, Diana and Actaeon, would scarcely be known to us today were it not for Ovid. The claim has even been

made that Ovid has had a greater influence on our culture than Christ. Can there be any substance to this? If so, it is because he did so much to shape our modern notion of romantic love between male and female. When the courtly form of romantic love emerged in the troubadour poetry of the Middle Ages - C.S. Lewis called it one of the three or four "real changes in human sentiment" on record - it drew a great deal from Ovid. Possibly it misunderstood Ovid; certainly it took the love of which he wrote so much and reinterpreted it in the light of the Christianity and the medieval feudal society that he never knew. But it was Ovid who (though ironically) in his *Ars Amatoria* (*The Art of Love*) and *Amores* had depicted the male love of a woman as a religious cult, as a form of enslavement, and had presented the beloved female as a mistress whose cause must be served like a call to arms. And it was Ovid who showed the female side of the love coin: the whole theme of his *Heroides* is the rhetorical expression of a whole series

of lovelorn and wronged heroines to the men who took their love and left (Phaedra to Hippolytus, Hero to Leander, Medea to Jason). Numerous authors before Ovid, and during his time, had depicted erotic affliction in this case or that, but it was Ovid who added up these loving particulars into the general condition of love. Once the medieval mind turned Ovidian love into a form of quasi-religious fealty, romantic love swept the western world. Tristan and Isolde, Abelard and Heloise, Romeo and Juliet, Cathy and Heathcliff, are all Ovid's progeny.

Yet his masterpiece is the *Metamorphoses*, in which love is only glimpsed occasionally. The idea that metamorphosis is a basic condition of nature had been a tenet of Greek philosophy before Socrates; but Ovid, taking one mythological instance of metamorphosis after another, made it tragic. The sisters of Phaethon are turned into weeping trees; Procne, Philomela, and Tereus are turned perpetually into a swallow, a nightingale and a hoopoe; Actaeon is

turned into a stag and devoured by his own hounds.

Hughes's *Tales from Ovid* are all tales from the *Metamorphoses*, and they are, even amid the bumper age of translation in which we now live, an exceptional achievement. Go back to the Latin and you find how many ideas Hughes has absorbed from it. He takes, at times, various shards of Ovid's hexameter and employs them to enrich his own. Though he seldom if ever mimics the alliteration Ovid employs at the same passage, it is fascinating how often he will introduce it at other points. Where he takes liberties with Ovid's sense (remarkably rarely), it seems almost always because he is trying to build something commensurate rather than literal. When Ovid describes the flame of love in Echo's heart, he sustains a single quasi-Homeric simile: "just as quick-burning sulphur, smeared around the tops of torches, catches fire from other flames nearby." The effect in modern English is ponderous; so Hughes instead provides three slightly shorter similes. Admittedly, to go back to the Latin after Hughes is to find the untranslatable core of Ovid's genius. What English could capture the sovereign economy of Ovid's Latin? When Diana throws water at Actaeon's face, it takes Hughes two lines and a half to render what Ovid says in five words. "Quis habuit sic haussit aquas" becomes "No weapon was to hand - only water. / So she scooped up a handful and dashed it / Into his astonished eyes."

But Hughes also occasionally reflects that "our" Ovid comes to us with two millennia of literary resonance. There are sections when he seems to be hinting not at Ovid's metre but at Dante's (several passages in the *Inferno* are richly Ovidian); and when, at the start of the tale of Actaeon, he adds the un-Ovidian remark "It is no crime / To lose your way in a dark wood", he is surely referring to the way Dante starts the *Inferno*. He is also well aware, as he writes in his introduction, of Ovid's influence on both Chaucer and - yes - Shakespeare.

It seems very neat that Ovid is now taking the stage with the Royal Shakespeare Company. As early as 1598, one of Shakespeare's contemporaries wrote that the "sweet, witty soul of Ovid" was born again in him. It has also been widely observed - by Hughes, among others - that Shakespeare, from early works such as *Venus and Adonis* and the catastrophic tale of *Titus Andronicus*, through to Imogen's reading of the tale of Tereus in the late play *Cymbeline*, was steeped in Ovid.

And Shakespeare's best-known play, *A Midsummer Night's Dream*, seems to reflect several different facets of the *Metamorphoses*. That's the source of the Pyramus and Thisbe play that the mechanicals perform so ruinously; and the source of such expressions as "the horned moon" ("cornua lunae"). More seriously, Titania's description of the disastrous confusion of the cycle of the seasons and the world's amazement (caused by her quarrel with Oberon) reproduces in new terms Ovid's great account of how

**Tristan and Isolde, Abelard and Heloise, Romeo and Juliet, Cathy and Heathcliff, all are Ovid's progeny**

Phaethon temporarily wrecks the journey of the sun and astonishes the cosmos. Then what about the very name Shakespeare gives the fairy queen? In Ovid, the Sun is sometimes called "Titan". His sister, the Moon - who, as Shakespeare knew, was both chaste and yet in love with the mortal Endymion - has many names: mainly Diana. But, when this lunar goddess of the hunt transforms Actaeon into a stag, Ovid calls her - yes - "Titania". The moon and metamorphoses... One may apply to both Hughes's *Tales from Ovid* and Shakespeare's *Dream*, the words that Peter Quince exclaims when Bottom is turned into an ass: "Bless thee! thou art translated."

The RSC production of "Tales from Ovid" opens at the Swan Theatre, Stratford-upon-Avon, on Tuesday.

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ARTS

# Blazing batons

Taking charge of the Berlin Philharmonic is the ultimate crown in the music world. But who will the orchestra choose to nurture its flame? Andrew Clark reports

Who will be the next chief conductor of the Berlin Philharmonic? The question doing the rounds of the music business is more than idle speculation. It has become the subject of intense debate among the orchestra's 129 members, and by the end of June they hope to come up with an answer.

Of all jobs in the music world, taking charge of the Berlin Philharmonic is the ultimate crown. It is not the most powerful job, but it is certainly the most prestigious. The holder inherits the torch once held by Artur Nikisch,

**Claudio Abbado took everyone by surprise a year ago when he announced he would not be renewing his contract**

Wilhelm Furtwängler and Herbert von Karajan, each of whom represented the summit of the conductor's art. The flame that burns within the orchestra is the great tradition of 19th century music, the core of the symphonic repertoire, which has nourished its sound and artistic soul since it was formed in 1882.

Claudio Abbado, the current holder, took everyone by surprise a year ago when he announced he would not be renewing his contract in 2002. By informing the press before he had told the orchestra, Abbado confirmed widespread suspicions that all was not well in their relationship. With plans for Abbado's remaining seasons now fixed, a gap is looming in the orchestra's long-term schedules. The musicians are reluctant to have an interregnum. They need a figurehead, if only to keep a competitive edge.

But what kind of figurehead? Someone who will husband the orchestra's traditions? Or a pioneer who can meet the challenges of the 21st century? The musicians are facing questions their predecessors never had to answer. For its first 100 years, before the flood of electronic media and instant entertainment, the Berlin Philharmonic was steered by conductors in a consistent artistic environment. The artistic director set policy, the musicians followed.

In the postwar era, the combination of Karajan, Deutsche Grammophon and the Berlin Philharmonic became unassail-

able. When Karajan died in 1989, potential successors were judged according to how they fitted his mould. Since then the music world has changed. The recording market has slumped, titans of the podium like Bernstein and Solti have died. Previously unquestioned traditions have come under attack - among them the right of the conductor to impose policy.

And the Berlin Philharmonic itself has changed. In the 10 years since Abbado's appointment, it has turned over nearly half its personnel. The newcomers are not traditionalists like their predecessors. They can play anything, old and new. The orchestra has begun to embrace the period movement, it is more open to contemporary music. Its style has fragmented.

Abbado, 65, was a bridge to the new era. He conducted Kurtág and Rihm as well as Brahms and Beethoven. He welcomed specialists like Harmoncourt and Norrington. But he failed to nurture the orchestra's golden sound, and he allowed democracy to run riot. The result is an institution which is unsure of itself. What it needs is a conductor capable of fusing the older and younger generations - preserving the essential elements of tradition, while integrating the new.

Unlike the Vienna Philharmonic or the independent London orchestras, members of the Berlin Philharmonic are state employees with clearly defined rights and obligations. But unlike contract orchestras, such as the "Big Five" in the US or the Royal Opera House orchestra in London, they are self-governing - a right jealously guarded since their 1990s power-struggle with Karajan. When it comes to electing a conductor, there are almost as many opinions as there are voices; uniting them behind one name can be a fraught process.

Abbado was elected in a single session lasting six hours. With Karajan not long dead, the pressure was intense: the world needed a successor. This time round, the atmosphere is lower-key - partly because Abbado has given ample notice, partly because the post no longer carries the influence it once did, but also because there are few realistic candidates. The orchestra is using its monthly meetings to assess contenders, and hopes to reach a consensus by the end of the season.

A decade ago, Riccardo Muti and James Levine were among the front-runners. By avoiding Berlin since Abbado took over,

Muti has become a stranger to the orchestra - and his lack of interest in music written after Busoni rules him out. Levine has just signed up with the Munich Philharmonic and is not the force he once was. Health problems have probably put Bernard Haitink and Mariss Jansons out of the running. Meanwhile, Christian Thielemann, the only serious German contender, is reckoned to be too young and too narrowly focussed on Romantic repertoire.

That leaves Daniel Barenboim.

**With Barenboim, there would be no surprises. With Rattle, there might be one surprise too many: he represents a leap into the unknown**

and Simon Rattle. For Barenboim, a former pupil of Furtwängler, the artistic directorship of the Berlin Philharmonic would be the summit of a brilliant career. Like Rattle, he is as commanding in big and complex scores as he is in Mozart. Unlike Rattle, he is fluent in German

and has a long connection with the central European music tradition.

As head of the Berlin Staatsoper, Barenboim already lives in the city, is familiar with its politics and knows how to lobby its movers and shakers - a vital asset in the battle for funding. As a guest-conductor of the Berlin Philharmonic for 30 years, he understands its temperamentally and structurally. Barenboim is fighting a presidential-style campaign: he has already been out on the stump, wooing the orchestra at its Easter festival in Salzburg.

Politically, the appointment of a Jewish conductor to head Germany's top music institution would look good. Commercially, too, there is no better-connected musician. It would almost be a personal betrayal to turn Barenboim down. So why is he not the clear front-runner? For many members of the orchestra, Barenboim is a jack of all trades and master of none. His approach to the Romantics is seen as old-fashioned, his conducting style too improvisatory. Some feel he is simply too busy. "He skims over the surface, he never gets to the bones," says one of the players.

With Barenboim, 56, there would be no surprises. With Rattle, 44, there might be one surprise too many: he represents a

leap into the unknown. After a promising Berlin debut in 1987, Rattle's relationship with the orchestra ran into problems. He seemed to share an old British phobia about Germany, and was surprised by the Berliners' forthrightness. Meanwhile the Vienna Philharmonic - the Berliners' arch-rival - wooed and dined him. It has no principal conductor - as an opera orchestra, it gives only 12 subscription concerts per season - but Rattle was made to believe he was special.

Now the balance seems to be shifting back towards Berlin. A series of personal changes in Rattle's life - his re-marriage, his father's death and a near-fatal accident - have helped him overcome his island-fortress mentality. He has loosened his links with Birmingham, and is unlikely to want to spend the rest of his life as a freelance.

The Berliners see Rattle as an "ideas man" who ranges beyond traditional boundaries. He is popular and telegenic. Always well-prepared, he brings his own brand of charisma. But Rattle's inexperience in German Romantic music puts him at a huge disadvantage. The Berlin Philharmonic's key repertoire starts with Beethoven and continues through Brahms and Bruckner to Richard Strauss; Rattle's jumps

from Haydn via Liszt to Mahler, and then to nationalists like Sibelius and Janáček. Outside Germany he has done a *Parsifal* and some Bruckner, and his Beethoven is filling up gradually; but in Berlin his Schubert, Schumann, Beethoven and Brahms are unknown quantities.

**Some sections of the press are portraying the election as a battle between the orchestra's ideals (Rattle) and its pocket (Barenboim). The reality is more complex**

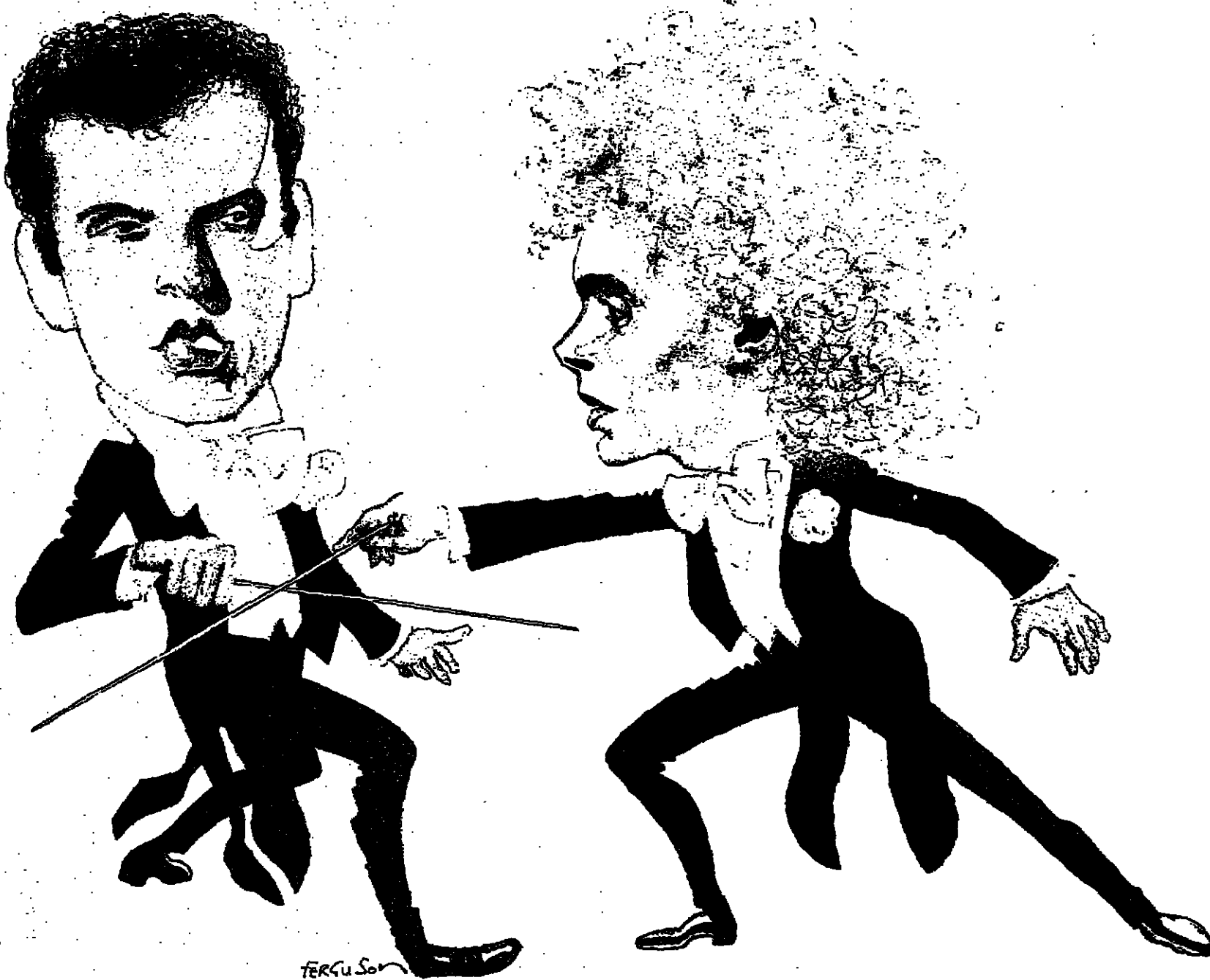
Unlike Barenboim, who has already done everything there is to do, Rattle could always try his hand with one of the big American orchestras, where life would undoubtedly be simpler. Berlin would offer him the chance to regenerate a young orchestra, much as he did at Birmingham - but on a much higher level. There would be the additional bait of the artistic directorship of Salzburg's Easter festival, the

one occasion when the Berliners sit in the opera pit.

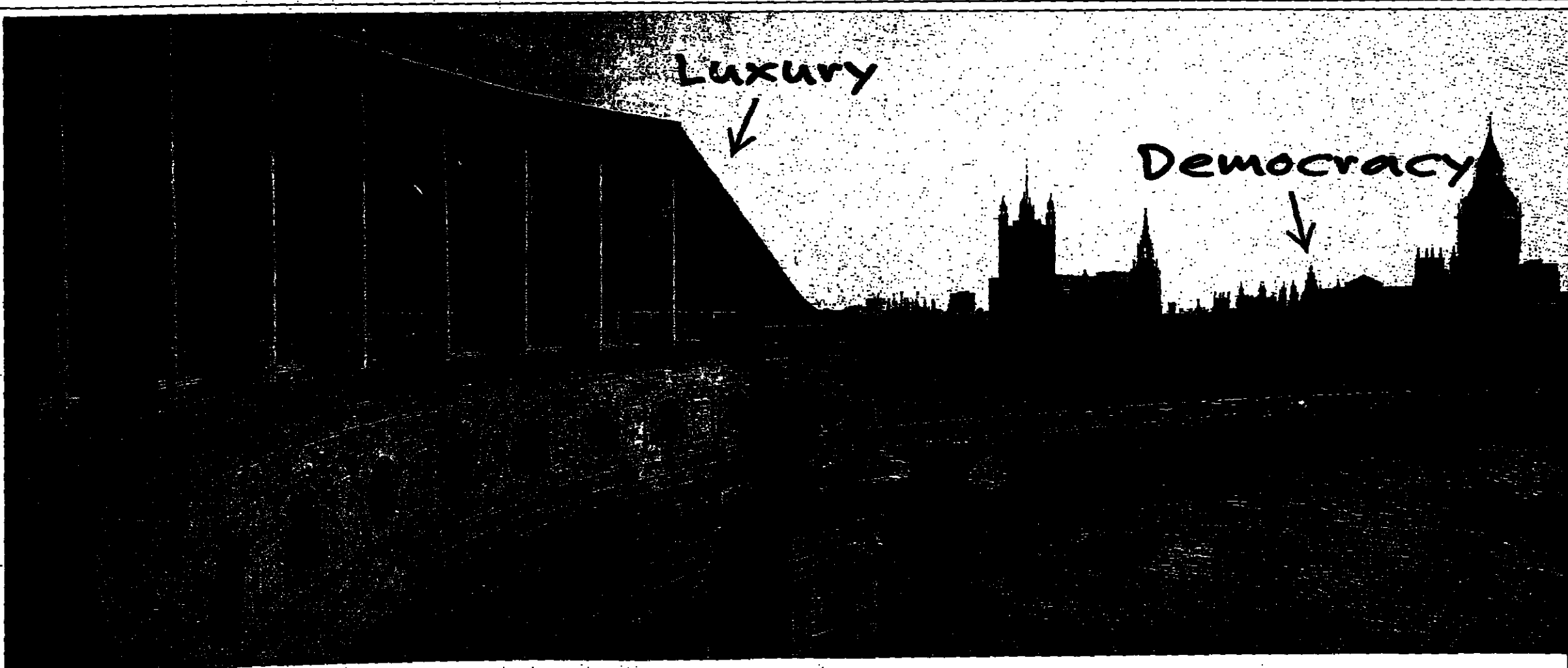
Over the next two months Rattle and Barenboim will sum up their case. Barenboim conducts Rihm and Mozart at the Philharmonie on May 22 and 23. Rattle follows with two programmes at the beginning of June, ranging from Haydn symphonies to Boulez's *Eclat*. If the orchestra still cannot decide, a long and unsettling autumn beckons.

Some sections of the German press are portraying the election as a battle between the orchestra's ideals (Rattle) and its pocket (Barenboim). The reality is more complex. "We're not looking for the ultimate truth (*Wahrheit*), but for a simple majority (*Mehrheit*)," quips Rudolf Watzel, the orchestra's co-chair and a veteran of 30 years' experience. Like most of his colleagues, Watzel is keeping his cards close to his chest. But when asked whether the orchestra would instinctively opt for the safe and familiar in preference to curiosity for the new, his answer is unequivocal. "Without curiosity, art doesn't make sense." We shouldn't have to wait long to know whether the Berlin Philharmonic agrees.

Andrew Clark has been awarded the Critic Prize of the Cultural Foundation of the City of Salzburg.



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## ARTS

Vasily Kandinsky, through an astonishingly radical move towards abstraction in the years after 1910, exerted a profound influence upon the subsequent course and development of painting in the 20th century.

That said, he remains oddly problematical, his work inconsistent in quality from the first, moving forward by fits and starts, and ever susceptible to current influence. It is also inclined, later on, to seem rather dry and dull - especially in the more full-dress, finished canvases which, after the expensive, intuitive exuberance of the early "improvisations", so often have to them the whiff of the working out or demonstration of a theory: for Kandinsky, like so many modern artists, was an incorrigible theoriser.

The Royal Academy's concise but thorough study of his work on paper therefore comes as something of a revelation. By its very nature it is more intimate and direct, and it doesn't so much dispel the somewhat set and prejudicial response hinted at above as moderate and inform it. It makes the work as a whole clearer and more readily comprehensible.

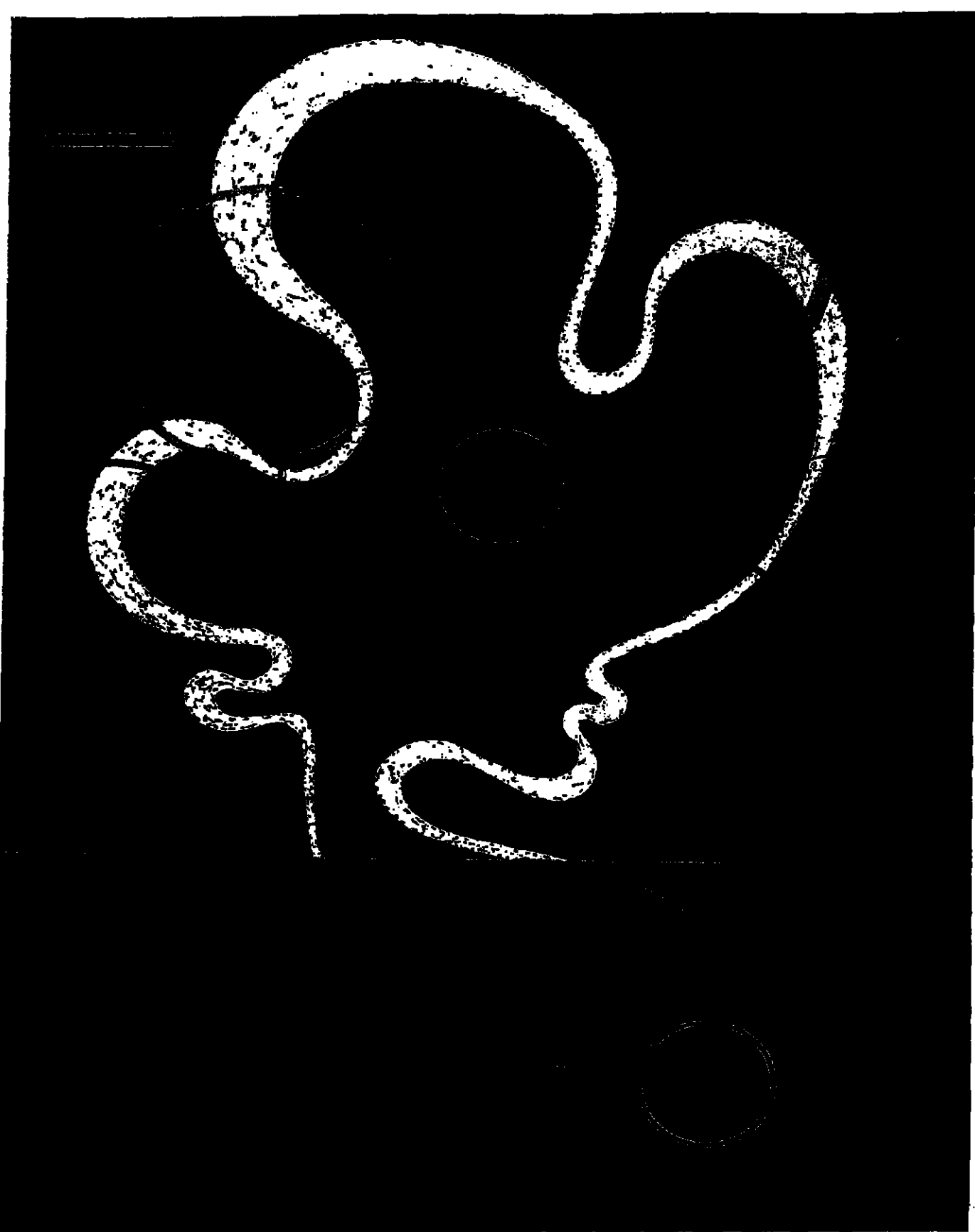
Kandinsky, born in Moscow in 1866, came to his vocation as an artist surprisingly late, and even then was a slow developer. Although he had long been painting in his spare time, it was not until he was 29 that he abandoned a career in legal academia to study art. "I experienced two events", he tells us, "that stamped my whole life and shook me to the depths of my being. These were an exhibition of French Impressionism in Moscow - first and foremost, the 'Haystack' by Claude Monet - and a performance of Wagner at the Court Theatre, *Lohengrin*."

So he took himself off to Munich, where at first he failed to get into the Art Academy, finally making it in 1900. And while he soon found himself a familiar of the Munich avant-garde, which eventually coalesced around his own short-lived New Artists' Association and "The Blue Rider" group, his work through most of the 1900s remained more derivative than personal, decoratively conventional for all its Modernist aspirations.

The early works in this exhibition show him looking variously to the graphic work of such artists as Munch and the English illustrator and designer, Edward Gordon Craig, to Nabis and Secession print-making, and to the Russian and German folk traditions.

But by the summer of 1908, when he painted a series of rich Fauve landscapes, in the company and perhaps under the influence of his fellow Russian Expressionist, Jawlensky, he was beginning to come to himself at last, and his development over the next year or two, by now well into his 40s, was rapid and decisive. He remains very much the organiser and theoriser. As Frank Whitford, curator of the exhibition, tells us in his admirable catalogue: "In 1908, now on the threshold of abstraction, Kandinsky began consciously to separate his painting into three categories. The first was the 'impression', which retained allusions to the natural world; the second the 'improvisation', in which he expressed a mood or feeling more or less spontaneously; the third and most complex the 'composition', which involved long preparatory work organising the images into a structured whole."

This succinct summary is perhaps the key to Kandinsky and his work, one way or another, for the rest of his life (he died in 1944) but it also suggests, by his evident mental attitude, just how it was that he was able to keep things so clear, working in apparently contradictory ways at the same time, or bringing quite disparate refer-



An incorrigible theoriser: 'Line with Accompaniment', 1937, by Vasily Kandinsky

## Intimate improvisation

Kandinsky's works on paper illuminate his entire oeuvre and his move towards abstraction, writes William Packer

ences together of the most unexpected kinds. Two large untitled pen-and-watercolour drawings of 1916 have the compositional structure of the freest of the Expressionist "improvisations" of the previous several years, yet they revert even further back to the sentimental historicism of *fin-de-siècle* illustration. And these "improvisations" themselves, nominally abstract as they are, always carry with them the clear suggestion of landscape, whether real or imagined, in their pictorial space and the light that informs them - but then it is a commonplace of criticism that all abstraction is a sort of landscape. With Kandinsky, especially at the crucial period up to about 1916, there

is always this to-and-fro. The wall full of these freer abstract and near-abstract watercolours of this period is the most exhilarating of all, and the true heart of the show. In their relation to the great, so freely expressive, truly revolutionary canvases of around 1911, which were arguably the first to flit their way into a true abstraction, these active, open, brilliant watercolours represent Kandinsky's singular moment, and his greatest and most personal contribution to the Modern movement.

Thereafter, with his second marriage in 1917 which cut him off from his long-time mistress, Gabriele Munter, and from the mass of early work in her care, the work by

degrees becomes less intuitive and expressive, more ordered, closely-structured and schematic, more weighted towards "composition", even as it becomes more unequivocal in its commitment to abstraction. It is often frankly decorative. And with his return to Germany in 1921, taking up a teaching-post at the Bauhaus at Weimar, with its commitment to constructivist principles and the integration of the essential disciplines of art, architecture and design, his theoretical and speculative bent again predominates. We see him looking closely at his colleagues, responding to such sympathetic models as Klee especially, the constructivists at large and, after the suppression of the Bauhaus and his final move, to

Paris in 1934, to Miro. The sense now is not so much of decline or uncertainty, but rather of modest retreat and an open preparedness to experiment and respond. What he would ask of his students, we see him doing himself. Only it is the directness and simplicity with which he does so, and the freshness of the statement, perhaps by virtue of the intimate, unselfconscious opportunity that working on paper affords, that here is so engaging and surprising, that makes us think again.

Kandinsky - watercolours and other works on paper: Royal Academy, Piccadilly, London W1, until July 4; supported by the RA Exhibition Patrons Group.

RADIO MARTIN HOYLE

## Wrong reservations about Britishness

The former British Broadcasting Corporation has not yet decided on its new name. Doubtless it will be as cosmopolitan, as multi-cultural, and therefore as culturally nondescript, as the gaudy tailfins of British Airways, another concern overseen by a dinner companion of Tony Blair (whatever happened to those tailfins?).

"Libburero", with its jaunty revolutionary strut and irresistible tune, seems to have vanished from the World Service, replaced by a mechanical little jingle apparently spewed out to order by a computer. Wrong revolution (Protestant and British), wrong strut.

The erstwhile British Broadcasting Corporation announced its reservations about Britishness in the same week that a radio news item gave us a female teacher at some congress shrilly denouncing our education's emphasis on Europe and - I quote, I promise you - "dead white males". I wonder what continent she thinks we are part of. There was no irony in her tone, which is the most chilling omen of all.

The so-discount British Broadcasting Corporation picked a bad week for its droolingly inept pursuit of the latest fad. An entertaining series was launched evoking *A Century of British Cooking*.

Marguerite Patten, a no-nonsense chef by today's standards, spiced her decade-by-decade history of cuisine in the isles which ignorant foreigners call British with archive recordings: a survivor of the siege of Ladysmith, a suffragette on wearing an old washcloth to purry bad eggs and rotten fruit, Orville Wright on early flying with brother Wilbur.

At least I think it was. The programme annoyingly failed to identify the speakers. Could the suffragette have been a Pankhurst? And was that really Wright or an actor reading his words? Did people sound so smoothly articulate in those days? There was also a sample of Melba in song, absolutely steady, as unwaveringly gleaming as a shaft of sunlight, as is natural from a voice massaged by peaches, ice-cream and raspberry sauce.

All the Rage is another Britocentric programme to give the wilful British Broadcasting Corporation qualms. Last Sunday this collection of "musical anecdotes from the past" reminded us that both Jacobite rebels and loyalists laid claim to "God Save the King". Perhaps Beethoven was right: the English (or whoever) have a national anthem too good for them.

David Owen Norris also reminded us of gleees and catches, those uniquely English forms, and illustrated the ancestry of

Carry On humour with a little number where the lines "You may come in and kiss/ Her whole state is but sevenpence a year" were set in such a way as to emphasise the repetition of "You may kiss/ Her whole".

Fine fare for a British Sunday, I must say. The series is informative, diverting and enthusiastic, all good Reithian values. We can't have that.

Radio 3's *The Rise and Fall of English* dealt with the academic discipline, though it might have equally referred to the decline of the language in a week when a continuity announcer referred to Ezra Pound's "treasonous" broadcasts (I can't find the word in my dictionary; do they mean treasonous?). John Carey, free of that air of patient restraint which marks his

The BBC picked a bad week for its inept pursuit of the latest fad. An entertaining series was launched evoking 'A Century of British Cooking'

appearances on TV's *Late Night Review*, and a distinguished assemblage (Sir Frank Kermode, Hermione Lee, Jeremy Treglown) pointed out that the study of Eng Lit actually started in Scotland where they aspired to the "superior refinement of the English ear". Switch on the radio to hear how the whirlingig has brought about Caledonia's revenge.

What you will not hear is Alan Ford, a factory worker from Leicester, complaining about Englishness-bashing and how the UK's largest country is discouraged from declaring any sort of national identity while the Scots and Welsh celebrate theirs.

The point is obvious even to one with the spine of a jellyfish and the cerebellum of a sing. Apparently the controller of editorial policy for the seductive British Broadcasting Corporation aspires to neither of these giddy qualifications. Next week's *Cosmopolitan*: *The Race that Dare Not Speak Its Name* has been heavily edited.

A Mr Philip Harding, allegedly responsible also for the cringe-making Orwellian booklet on what national terminology to use, has reportedly paled at such inflammatory assertions. Even the programme-makers are furious at his proposed censorship, and it takes a lot for programme-makers to come out on the side of the majority these days. Those seismic shocks you feel are worms turning.

TELEVISION GRAHAM MCCANN

## A talent for patronisation rather than patronage

There was one particular moment, during last month's debate in the House of Lords on the future of public service broadcasting, when the jaw really hit the floor. Lord Bragg, in the course of an otherwise admirably apposite contribution, made the astonishing assertion that ITV's achievement in screening a greater number of documentaries than BBC1 during 1997-98 was one of the reasons why it now has the right to consider itself "at least an equal public service

broadcaster" in relation to the corporation. One can only assume that his Lordship was having a laugh. It was not just that the logic was so limp - there is more to quality, after all, than quantity - but also that Melvyn Bragg of all people -

a genuinely distinguished broadcaster who learnt his craft at the BBC under the auspices of the inspirational Huw Wheldon - must surely recognise the sheer tawdriness of so much of ITV's output in this area. Last Monday, for example, saw the screening by ITV of an "ITN Factual Production" entitled *Britain's Richest People* 29. Mattily narrated by Dennis Waterman, this was a documentary that, in an act of smug charity, gave the poor man at the gate a tantalising glimpse of the rich man in his castle.

We spent some time with Bernard "Bootiful" Matthews, who last year alone, we were told, sold 17m turkeys and made a £24m profit. We were invited to gaze on admiringly as Bernard, as Waterman chose to refer to him throughout, wandered tidily through his 22-room home in St. Tropez, walked along the bank of his private stretch of river ("He owns two miles of trout-packed heaven"), and sat contentedly, bushy-browed and cherry-cheeked, sipping a glass or two of 1986 Petrus in the bowels of his Norfolk mansion. Then we moved briskly on



What a turkey! Bernard Matthews in ITV's exercise in casual voyeurism, 'Britain's Richest People' 29

to Manhattan, where the novelist Barbara Taylor Bradford shares "6,000 square feet of New York luxury" with her husband, two dogs and an impressive array of highly polished art deco antiques ("You wouldn't want to put your cup of tea down on these fur-

nishings," Waterman warned us). We also had no choice but to encounter 29-year-old Justin Etzin - not currently among the country's richest people, it was admitted, "but a good tip for the future" - who, aside from his strenuous efforts at downstaging the alphabet (the

letter "t" has already been rendered redundant), organises all-night "parties" in Soho and owns a sheer rock face ("with wild cinnamon growing on it") in the Seychelles.

The ever shy and retiring Richard Branson took us on a tour of his sumptuous-

looking town house ("Holland Park", he pointed out helpfully, "is as near to being in the country as one can find if one lives in London"), the Marquis of Bath exhibited what appeared initially to be a series of portraits of Mad magazine's Alfred E. Neumann ("They come under the Neo-Expressionist School", he explained) and property tycoon Nicholas van Hoogstraten revealed that he is in the process of designing his own personal mausoleum ("I'm leaning towards Egypt"). On and on it all went, treating its subjects with glutinous respect and its viewers with ill-disguised contempt.

At no point during this stupefying exercise in casual voyeurism was the audience encouraged to do anything so burdensome as to think. If the use on the soundtrack of such hoary clichés as "Money, Money, Money", "I Was a Rich Man" and "Hey, Big Spender!" betrayed a certain lack of heart, the use of other musical excrecences ("I Like Driving in My Car" to accompany a shot of someone driving in his car, "House in the Country" to accompany a shot of a house

in the country) betrayed a certain lack of brain.

We learned nothing of any consequence about the backgrounds of any of these characters. Each one of them had come into this world, one was left to presume, not with the unknown and friable potentiality of the conventional human life but rather with vividly adamant souls rubber-stamped with and for a very special function. Bernard Matthews once bought 20 turkey eggs and a small paraffin-oil incubator for £2.50 at an auction and then somehow metamorphosed into a multi-millionaire. Barbara Taylor Bradford started conjuring-up best-selling novels shortly after leaving the typing pool of the Yorkshire Evening Post. Anything as impudent as analysis, the programme implied, would have been futile: "some people are just born lucky." The essence of public service broadcasting has as much - if not more - to do with the kind of attitude one brings to programme-making as it does with the kind of programmes one makes. "Why," Huw Wheldon once protested, should one accept "cardboard as against art", even if the alternative is "third-rate art as against first-rate cardboard?" It is a question that ITV would do well to ponder. Programmes may sometimes be playfully pointless, but audiences should never, ever, be patronised.

## Summer Arts Guide

As the Weekend FT's worldwide circulation continues its rapid growth, this Summer arts Guide will provide our readers with a vital index of the major cultural events over the summer, from around the world. The guide will include a broad range of themes from music and film to the visual arts and will contain preview features with listings and comment

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OFF-CENTRE

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Britishness

# Now men can blame hormones...

Testosterone-driven competitive behaviour can be a mixed blessing, if a blessing at all, says Raj Persaud

Why does the man who has everything, a wonderful career, adoring family, still so often risk everything for a casual affair?

The worlds of politics, sport and business (the Clinton affair has not yet faded from memory) are replete with examples of sex scandals wrecking the family lives or careers of otherwise highly successful men.

But new research into the role of the male sex hormone testosterone in enhancing the male competitive drive for dominance, yet at the same time contributing to the destruction of family life, promises to supply a biological answer for the first time.

Testosterone has long been linked with the drive for dominance over others, even when more passive compliance might be in your own best interests. For example, prison inmates who test high in testosterone levels are more likely to have committed violent crimes, engaged in criminal activity at an early age, violated prison rules more often and been judged more severely by parole boards.

Testosterone is related to a general sensation-seeking tendency. Sensation seeking can have positive or negative effects depending on one's social background and resources.

Individuals low in socio-economic status often find the most exciting things to do are illegal, while those from higher classes can find activities that are both stimulating and socially acceptable, like driving fast cars instead of fighting, playing competitive sports instead of brawling.

Although men usually have testosterone levels between 20 to 40 times that of women, exactly how potent testosterone can be is demonstrated by studies which have found testosterone measures increase in women with the status of their professions and is higher in more aggressive women.

In a 1995 study of female university students, testosterone

was negatively associated with frequency of ending the absence of which is sometimes regarded as an indicator of dominance. Another study in the same year found that women testing high on testosterone had more sexual partners and claimed to need less commitment from a man before engaging in sex.

But as testosterone is found in much higher concentrations in men, might its effect on male behaviour have been previously underestimated? Research carried out by Alan Booth and James Dabbs of Penn and Georgia State universities in the early 1990s on 4,500 army veterans revealed that men producing more testosterone were less likely to marry and more likely to divorce.

What was particularly startling about their research was the finding that testosterone levels did not have to be abnormally high to have a negative effect on marriage. Men with mid-range levels of testosterone were more likely to report lower marital success than those with very low measures.

Booth and Dabbs found men in the top third of the population for testosterone concentrations were 50 per cent less likely to get married. Of those who did, 43 per cent were more likely to get divorced, 31 per cent more likely to have separated temporarily because of marital strife, 36 per cent more likely to have had extra-marital sex and 12 per cent more likely to have hit their wives.

Now Allan Mazur and Joel Michalek from Syracuse University have developed this work further: they have just published the results of their investigation into 2,100 Air Force veterans who received four medical examinations over a 10-year period. The main finding was that testosterone fell and remained low when the men got married, but rose with divorce, the rise in levels preceding by two years the divorce, and remaining high until three years after the break-up.



There is thus a strong suggestion that changes in a man's environment which causes these rises in testosterone may make marital breakdowns more likely. This change might be the man's experience of dominance outside as well as inside the family home. Testosterone in non-human primates rises when males achieve or defend dominant positions, and falls when they are dominated. This link between testosterone, dominance and competition could mean that men with high testosterone levels tend to carry competitive behaviour into relationships with the opposite sex.

This would result in difficulty finding a spouse and therefore not marrying or, once married, being unable to sustain it and divorcing or, if still married, having a poor-quality marriage. Aggression and dominant behaviour are well suited to gathering and amassing resources, achieving and maintaining status, but when unchecked, they are not conducive to the co-operation and mutual support essential to cohabitation.

Sensation-seeking behaviour linked to testosterone may mean men with high testosterone become bored with marriage more quickly than others, and so seek other partners, thus jeopardising the relationship. But much male interpersonal behaviour is overtly or subtly concerned with managing dominance and subordination, and testosterone is the hormone most strongly linked to men's position in a hierarchy. Sports, quizzes, elections, criticism, competitions for promotion and academic jousting all involve male attempts at achieving dominance or reconciling oneself to subordination.

Previously, research has found that athletes' testosterone levels rise shortly before their sports matches, as if in anticipation of the competition. This pre-competition boost of the hormone may make the individual more willing to take risks and improve co-ordination, cognitive performance and concentration - all effects produced by testosterone. For one or two hours after athletic competition testosterone levels of winners are higher compared with losers and these results have been replicated in sports as different as tennis and wrestling.

Would such results be replicated in the less vigorous competition of everyday social interaction and consequent changes in social status? Indeed, research has found that testosterone rises shortly before chess games - and also in those who are challenged in the form of an insult: testosterone levels of winners are high relative to those of losers following chess matches.

Similar effects occur among sports fans. Following the 1994 World Cup soccer tournament in which Brazil beat Italy, testosterone increased significantly in Brazilian fans who had watched the match on television and decreased in Italian fans.

It seems therefore that the act of competing for dominant status affects male testosterone in two ways; testosterone rises in the

face of a challenge as if it were an anticipatory response to impending competition; second, after the competition, testosterone rises in winners and declines in losers.

But a life-long pattern of success, competition or challenge, could lead to continuously higher levels of testosterone, which might in turn influence a need to dominate, compete or get restless in a marriage.

Competitors with a previous history of success in their sport tend to have higher levels of testosterone after a competitive match than those with a previous history of losses. This may go some way to explaining winning and losing streaks.

The precise function of the elevated testosterone following a win and the drop in testosterone following a loss is not yet known. One possibility is that winners are soon likely to face other challenges; the high testosterone prepares them for this eventuality. The drop in testosterone among losers may encourage withdrawal from other challenges, thus preventing injury.

Teresa Julian and Patrick McKenry at Ohio State University found in a study of 37 middle-aged men that lower testosterone levels were associated with better marital satisfaction and higher-quality parent-adolescent relationships.

The implication of this new research is that to achieve a contented family life, many married couples may now have to reconsider the role of a career which encourages competitiveness in the man and so raises his testosterone levels, in turn endangering the marriage.

But Jeffrey Foss of the Department of philosophy at Victoria University in British Columbia points out that chauvinists will rejoice at the finding that the will to compete is enhanced by testosterone. This produces a biological rationale for men's tendency to dominate in society, if the drive to rule is determined by testosterone, because practically every man has higher testosterone levels than any woman.

Yet maybe, Foss contends, competitive spirit is not always an advantage, particularly where persistent concentration and continued co-operation is required. In his local school district, Foss notes that among 108 secondary school scholarships, 71 went to girls and only 38 to boys. Yet boys led the girls in suspensions by 78 per cent to 22 per cent.

If the will to dominate, driven by testosterone, explains the greater tendency of men to misbehave and thus be suspended from school, it may also explain poorer academic performance.

Foss concludes that testosterone may be a mixed blessing, if a blessing at all.

Raj Persaud is consultant psychiatrist at the Maudsley Hospital in London and author of *Staying Sane: How To Make Your Mind Work For You*, Metro, £12.95.

## ... and women can be more macho, too

Husbands may be useful, but when it comes to foraging for survival, grandmothers are more important, says Jerome Burne

If you are a man, your chest probably puffs imperceptibly when you read about the current wisdom of evolutionary psychology. You know the story: how you can't help being aggressive and promiscuous because that is what made your hominid ancestors successful all those millions of years ago on the African savannah.

However, it is my sad duty to induce a little deflation. The latest findings have man-the-sexy-hunter exiting stage left, pursued by the new Amazonian woman.

It is perhaps no accident that much of the data from archaeology and primate studies that support the picture of alpha males driven by their genes to copulate indiscriminately, while the more cautious female stays back at base being nurturing, was gathered by males.

A new generation of largely female researchers has been coming up with a very different interpretation. Take, for example, hunting.

A key element in the Macho (Male Alpha Culture: Home-making Ovulators) model was the idea that, because women were usually encumbered with children, only men could go off for days to hunt in groups. This has had all sorts of theoretical spin-offs: male hunting hands at the heart of business, men having a better sense of direction, mar-

riage, and even language, originating in meat-for-sexual-favours deals and so on.

However, painstaking research by Olga Soffer, of the University of Illinois at Champaign-Urbana and a leading authority on the ice-age hunter, has discovered evidence for nets on shards of pottery dating back 25,000 years.

Now that has a lot of implications. "Net hunting is communal and involves the labour of women and children," says Soffer.

Their nets probably couldn't catch anything much bigger than hares or foxes, but an analysis of the bones that litter the floor of the caves near the Czech village of Dolni Vestonice, where the pottery was found, show that small game make up about 46 per cent of the total.

Modern-day hunter-gatherers who use nets are very successful, some weave nets that can trap a 1,000lb animal. "Once you got a net on these animals, they were immobilised," says Soffer. "You didn't need brute force. You can club them, hit them any old way."

The myth of the male hunter has taken another knock from Kristen Hawkes of the University of Utah. She talked for the first time to the women in modern day hunter-gatherer societies and found that male-style hunting is actually a very inefficient way of gathering food.

The men often come back empty-handed and even when you average out the caloric value of their occasional big kills, they actually supply far less food than the women do for foraging for roots and berries near the camp.

This has an important knock-on implication for the Macho model because man-the-provider is central to the idea that what women fancy is men with resources - that's why balding, tubby older male executives can lure curvy 22-year-old females into their Porsches.

But Hawkes has found that among Tausug hunter-gatherers, what is more important than having a man around is having a grandmother to help out with the child-rearing and food gathering. "It's women's foraging, not men's

hunting," says Hawkes, "that affects their own families' nutritional welfare."

But even if women can effectively fill the larger, that doesn't mean they are as interested in sex as men are, does it?

The Macho model claims that men's best genetic interests are served by impregnating as many women as possible, but that

the notion that women are not as driven by sex as men are.

"DNA studies of a group of chimpanzees in West Africa," she says, "show that 50 per cent of the offspring turned out not to be the offspring of the resident top males." Instead, a picture emerges of the females being willing to risk life and limb to have sex with males who do not follow the Macho model of attractiveness but whom they fancy anyway.

Angier believes that human practices such as clitoridectomies and purdah indicate human females are equally determined to follow their own desires. "If female sexuality is so muted," she says, "why must men all over the world go to such lengths to control and contain it?"

One of the things females find attractive, apart from resources, is niceness. "If you interview people almost anywhere in the world and ask them what they want from a partner," says Robert Sapolsky of Stanford University, California, "they will tell you they want someone who is kind and who loves them."

Chimps seem to appreciate kindness as well. "Studies with chimps show that females don't just submit to Mr Big," says Sapolsky. "Frequently they distract him and sneak off with a male they fancy and he is often Mr Nice Guy. They may share things - mutual grooming - or he may carry the kids when there's a leopard around." DNA samples show that nice guy chimps father almost as many offspring as the alphas.

Female choice aside, having lots of partners may not be such a brilliant strategy anyway. "You can estimate that each episode of casual sex has only about a one or two per cent chance of producing a baby," says Angier. "If you compare that with the three to four months that it normally takes for a couple to conceive, you end up with about the same number of chances of conceiving."

The final nail in Macho's coffin comes from the purely physical challenge women are mounting to male supremacy. While it is true that on average males are bigger and stronger than females,

today's top female athletes can run, swim and skate faster than any man of only a few decades ago. The bet is that women will be beating men in distance races by early next century. Even the size of the clitoris is increasing.

Last year an Australian researcher, using a new 3D camera, discovered that the erectile tissue inside the body is at least twice as large as the experts believed. "There's a lot of erectile tissue down there that's not drawn in any anatomy text books," says Helen O'Connell, a urology surgeon at the Royal Melbourne Hospital in Australia.

It's almost certainly significant that this new Amazonian model of ancestral women who were prolific hunters, sexually adventurous and physically strong, has emerged at a time when men are increasingly uncertain about their identity.

A report recently found that male adolescents were suffering from low self-esteem and confusion about their sexual role.

But the Amazons needn't be threatening. The real message of this evolutionary revisionism is a liberating one: humans are enormously flexible. Different strategies work at different times and when it comes to being nice or nasty, nurturing or predatory, both men and women can do it equally well.

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# Poncho power rules OK

The humble cloak with a hole has become a catwalk feature with a host of sub-genres, says Vanessa Friedman

When his bright pink version strode down Ralph Lauren's runway last October and the fashion crowd collectively shivered with excitement, it was clear that the once standard poncho had been anointed object of this season's sartorial make-over. I wasn't thrilled with the idea.

Confronted by the Lauren poncho, I felt not an anticipatory frisson, but a rather unpleasant jolt of recognition. Call it a "mac-elefine" moment. Other women must be experiencing the same. Haven't we all got a poncho in our past?

The cat-walk poncho sent me hurtling back to the poncho I once wore at summer camp. It made me wonder: what are designers thinking, and are we really supposed to take them seriously? Is there a place for ponchos in a grown-up wardrobe, or is it more a case of poncho, ponchos everywhere, and not a thing to wear?

The particular poncho in my past was army green and required by my summer camp, also known as boot camp because of its enforced early morning swims. I wore this poncho, which had once belonged to my father (who used it during his stint in real boot camp), for long hikes through muddy woods. Though I have successfully repressed most memories of camp, I do recall certain poncho attributes: its coverage (full-body), its weight (light), and its ability to fold up into a very small square. Still, no one would have judged it a fashion item.

The route to the designer poncho isn't a difficult one to track. Inspired by the turning century, designers turned to techno-fabrics, which in turn led them to the military (source of all technological innovation), which led to the military clothes of last season (cargo pants/epaulettes/jackets/zip-up vests).

From there it was only a short step to ponchos since, as far as the military goes, ponchos are indispensable.

In fact, the Roman military invented ponchos, in 200 BC. According to Bronwyn Cosgrave, a Vogue editor and author of Hamlyn's forthcoming *History of Fashion*: "They needed something to put over their toga during their far-flung military campaigns to protect them from the weather, and what they came up with was called a casula, a wool outer wrap slipped over the head, often with a hood." It only took a mere few centuries for the same idea to be translated for the women fighting it out on the urban battlefield.

Or travel along it. According to Interior View, the trend-spotting French magazine, as the move towards global nomadism gains popu-



larity, so do the accoutrements of the nomad. Foremost among those is the tent, "either the final layer of our clothes or the final layer of our habitat", and the poncho is merely a tent you can wear.

Comforting, personal, portable, it makes us "feel protected from the elements and from hostile environments. Safe, snug, and at home in our personal interiors".

Who knew a square piece of fabric had such deep psychological ramifications? Well, Ralph Lauren, Marc Jacobs, Miuccia Prada, Joseph Ettedgui, to name a few. This spring, whether you want to go haute or hearty, there is a poncho for

you. There is, for example, the Polo poncho, a luscious bright pink, orange, purple, or khaki silk shantung, available with matching capri silk pants, perfect for the city warrior.

There is the trekking-ready Prada Sport, a knee-length red, blue, cream, or green-grey nylon model with clear front pocket (for storing identification papers) and extendable back (for rucksack compensation).

The space-age white rubberised cotton Louis Vuitton version is available in rib- or hip-length, with subtle, LV-embossed Perspex toggles on the drawstring of the hood. There is even a quasi-UFO white waxed cotton waist-

length style from Joseph. There are so many choices and none of them is cheap. The Lauren rings in at £1,500, Vuitton £315 (£340 for the longer version), Prada Sport £300, and Joseph £119. Is the price worth the protection?

To arrive at an answer, you have to consider the garment in a cityscape. On the plus side: "The poncho is a practical piece," says Ettedgui. "It's not a coat, not a scarf, not a jumper, but can be used as all these things. For that reason it can blend into any wardrobe, from sporty to ethnic."

And from Lauren: "I have always been inspired by military and surplus clothing, and the poncho done in the finest cashmere and silk gives a fresh, modern edge to spring dressing."

Actually, the benefits of the fashion ponchos are not so different from the benefits of my camp poncho. They are lightweight, provide full protection, and can be stowed in a tote bag.

There is also no restriction of movement (hop on a Vespa, fold yourself into an Alfa Romeo) or limit to the bulkiness of what you wear beneath (Gaultier's heavy jumpers, Givenchy's structured suits, even one of Viktor & Rolf's clown-couture dresses, would fit under a poncho).

Ponchos (one size of course fits all) are also figure-friendly. As one convert says: "They're perfect for hiding body flaws." Weigh those then, against the obvious drawback: the woman wearing a poncho looks less like a woman than a sack, or like someone trying to save Private Ryan.

Ponchos do not exactly enhance the appeal of the wearer, no matter what the label is inside or the efforts of the designer to create forms out of fabric (Lauren's flowing silk, Joseph's stiffly structured cotton). In the end, a poncho is still a poncho, and ponchos may be a lot of things, but they aren't sophisticated.

Just because you can fit something over a couture dress or a briefcase doesn't mean you should. As Richard Martin, curator of the Costume Institute at the Metropolitan Museum of Art, says: "You think of ponchos as being dragged through the mud, worn in the wet, as being totally utilitarian. As far as fashion goes, they're really indoor items."

Indoor? Well, yes. Though the rain poncho is what most people think of when they think of ponchos, there

are actually seven sub-genres of the poncho family. These include the fish-net poncho, a basic square with high turtle-neck collar and ball fringe trim; the lapponica, a plaid wool poncho originally from Finland; the ruana, a small Colombian poncho traditionally worn by bullfighters (and stewardesses on Colombian airlines); and the "skoncho", a do-it-yourself poncho (take blanket, cut hole).

Last season cutting-edge Belgian designer Veronique Branquinho showed her version of the fish-net poncho: a loosely-knit fringed top in cotton (£355) and leather (£360) titled "Divine". Joseph already has one such hippie poncho in stock: an iridescent black knit capelet (£699), while potter and textile designer Jonathan Adler, whose store in Manhattan's SoHo is a destination for the idiosyncratic design set, has started importing South American ponchos (£350).

"I went down to Peru a lot for my work," Adler says, "and started wearing ponchos because they were the perfect thing to take the chill off."

They are also the perfect expression of the current, surprisingly long-lasting, revival of the 1970s rich hippie look - the allure of the hand-made, comfort clothes which swaddle the inner consumer and ultimately may have more staying power than their rainy-day cousins. Adler thinks so. "I believe in the power of the poncho," he cries.

So does Alexander McQueen, who showed embroidered sheepskin versions in his autumn/winter show; Burberry, which did knit fringed versions in its second line; Chloe, where Stella McCartney traded the traditional tweed jacket-and-trouser suit for a tweed poncho-and-trousers combo; and Clements Ribeiro, which basket-weave wool stripes into a peasant chic style. Apparently, when it comes to ponchos, as when it comes to April, when it rains, it pours.

■ Polo, Ralph Lauren, 143 New Bond Street, London W1 (0171-491 4967); Louis Vuitton, 17-18 New Bond Street, W1 (0171-399 4050); Prada, 43 and 45 Sloane Street, SW1 (0171-235 0006); Joseph, 77 Fulham Road, SW3 (0171-823 9500); Veronique Branquinho, at Brown's, 23-27 South Molton Street, W1 (0171-491 7833), and A La Mode, 36 Hans Crescent, SW1 (0171-584 2133); Jonathan Adler, 465 Broome Street, New York 10013 (001 212-941 8950).



Men of the cloth indulge you, not themselves

Mary Evans Picture Library

## Treat yourself to a little bit of heaven

Italy's monks and nuns have been mixing lotions and elixirs for centuries. Elizabeth Helman Minchilli visits an outlet in Rome

Rose-scented lotion for your most intimate parts. Fenugreek-infused breast cream. Count Igor's Waters. These are not exactly the sorts of product you'd expect from Italian monks. But this is just a sample of the wares for sale at Ai Monasteri, a century-old shop in Rome's historic centre which offers an inspired selection of goods made by monks and nuns.

The store, a stone's throw from Piazza Navona, was founded in 1692. *Polvere per Piedi* (foot powder) and *Aceto Ammorbidente* (vinegar fermented to stimulate the scalp) are still displayed in antique glass-fronted cabinets. Signora Nardi and her son Umberto gladly answer questions.

In these new age days, when products are hyped for their "pure" ingredients, it is worth remembering that purity has been around for a while, and that nuns and monks know something about it. They have been mixing elixirs, tonics, creams and lotions for centuries and their products are based on a few simple, natural ingredients.

"It was the monasteries that preserved much of the information during the Middle Ages," says Umberto. "Carefully transcribing ancient texts and recipes, they made sure that ancient knowledge concerning the healing properties of plants was not lost. The monks were very concerned with curing people, not just spiritually but physically as well."

There is a slightly serious, pharmaceutical air about Ai Monasteri, and recommendations are not handed out lightly. Umberto spends half his days at Rome's Sacred Heart University, where he teaches botany, pharmaceuticals and phyto-cosmetics. He can and will explain the litany of medicinal qualities in almost all the shop's products.

Ai Monasteri has been run by the Nardi family for four generations. "The store began by selling simple herbal mixtures, with some dry goods," remembers Umberto. "Over time our relationship with the monasteries has deepened and we have been able to develop a relationship that is beneficial to everyone."

The packaging has remained old world - Florentine papers and simple black and white labels. It is the concoctions that are rigorously made by hand, in small batches. And these vary, depending on the season. A lotion may be runny one time and thick the next. "Our customers are a special group," says Umberto. "They understand it is the content of a product and not its appearance that matters."

And the products themselves? Heavenly, as one might expect.

My personal repertoire of additions includes *Crema Mani*, a lavender-scented hand cream with lots of glycerin (precisely what my garden-damaged hands crave) and *Crema da Giorno*, the daily face cream. It has a very light perfume and is

absorbed almost instantly, making it the perfect daytime moisturiser.

A speciality of Ai Monasteri is its *Acqua del Benessere*, or waters of well-being. Sprayed on the body, these are lightly scented colognes used to refresh.

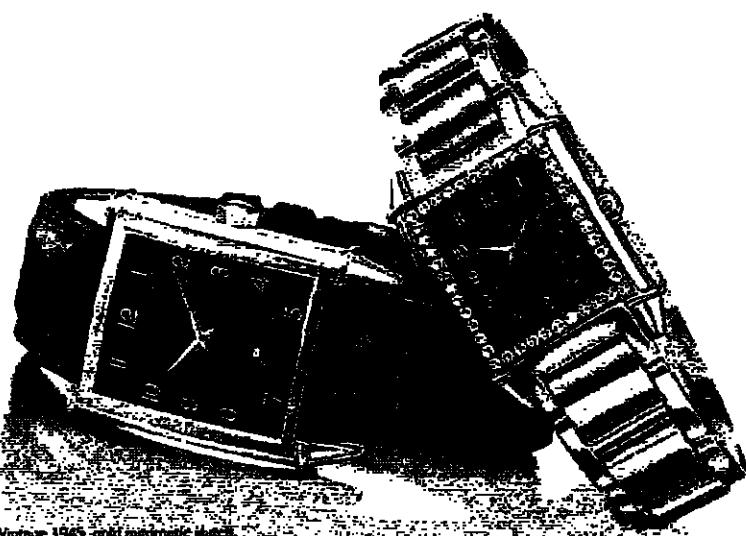
For my husband, I bought *Acqua del Conte Igor*, Count Igor's waters. Its delicate perfume was first commissioned by the Russian count in the 15th century, and it is said that its effect has led to many an amorous conquest. Other products are less cosmetic than comestible. Honeys and jams are made with organic materials and based on traditional recipes. The range of boiled sweets includes such old-time tastes as lavender and violet.

Many of the elixirs and tonics at Ai Monasteri claim to have specific health benefits, but their long lists of bitter ingredients may leave you praying instead for a miracle cure. It is products such as *Tintura Imperiale*, or Imperial tincture, that are most tempting: it promises, simply, to do everything.

Just a drop in a glass of water, in tea or coffee or taken straight will keep your digestive tract in order, cure you of motion sickness, dis-infect your mouth and freshen your breath. After a teaspoon or two, at 90 per cent alcohol, I'd be ready to believe anything.

■ *Ai Monasteri Specialities from the Monks and Nuns of the Abbeys of Italy, Piazza delle 5 Lune, 76 00186 Rome, Italy. Tel/fax: +39 06 698 02783.*

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مكتبة الأمل



# Between two stools

Romeo Sozzi's furniture combines classicism with modern design. Helen Kirwan-Taylor is delighted to have found it

For some years Christian Liaigre, the Chris Bonington of furniture, has been scaling the heights of modern design. His original pieces have dazzled the public and infuriated the competition, who shamelessly copy the Frenchman's creations without bothering to conceal their crime.

So when I accidentally strolled into a boutique on the fashionable Via Montenapoleone in Milan and saw the most beautiful furniture I have seen since first visiting Christian Liaigre's showroom three years ago, my immediate thought was that he had another lawsuit on his hands. But upon closer examination, it became clear that Romeo Sozzi is not one of the many Liaigre rip-off artists around. He is the real thing. In fact, Sozzi is the designer who first produced Liaigre's work, having come across his stand at a small furniture fair 10 years ago. Now his range, and his craftsmanship, are very much his own.

**'I wanted to make things with love, one by one, to personalise my style as Liaigre did his'**

This week at the Milan Furniture Fair, it is the stands of the Milanese giants - Cassina, B & B, Driade, Cappellini - that dominate. They offer the furniture equivalent of brands such as Prada or Gucci - lovely to wear but ubiquitous.

So many Milanese design houses are no longer me-and-pe operations but international corporations with turnovers of tens of millions of pounds, that Sozzi's glory, and work, is particularly notable.

He is the third generation of his family to work in the furniture business, although

the first to design himself. His grandfather built horse carriages; his father was a furniture restorer. Today, two of Sozzi's sons work with him. The third, Davide, who is training to be an architect, is learning the ropes at Interior bis, Francesco Piffier's design shop in London.

Romeo Sozzi began his career representing other designers in the small town of Lecco, 40km north of Milan, before launching his own company, Promemoria (which means to remember) in 1987. Two years later, he approached Liaigre in Paris and asked if he could produce and sell his designs.

"This was when no one knew him, no journalists, nobody," Sozzi points out. "He was having a very difficult time showing his work."

Their venture was anything but simple. "He wanted me to sell a lot," says Sozzi, whose boutique was strategically located in the middle of the fashion district and quickly drew the right kind of clientele. "I said we can't do a lot - it's not possible. I have a friend with an Alfa Romeo Spider," says Sozzi. "It is beautiful. It is so beautiful because there are only three in all Europe."

Liaigre would send Sozzi tiny models of his furniture wrapped in cellophane with a note "Four copies" (to copy). "They would arrive in pieces," says Sozzi. "I would call and complain and he would say 'C'est la vie'. I would come to meetings in Paris and he wouldn't be there. He would call me later and explain that he had forgotten."

Sozzi and Liaigre eventually parted company but remain good friends. Sozzi is grateful for the years they spent working together. "Furniture is not like making clothes," he says. "You have to keep trying and starting over. It can take three to four years to get a piece right. Christian

gave me courage not only to try new things but to keep trying. Before Liaigre, Cassina and B & B were always at the top but they were industrial. I wanted to make things with love, one by one, to personalise my style as Liaigre did his."

Sozzi is not starkly pared-down minimalist. Rather, though still modern, it is

flagrantly beautiful: design that uses the best Italy has to offer. The people who produce the leather used in Sozzi's chairs and sofas, for instance, are those who turn out Italy's famous shoes and handbags. Silver-smiths from southern Italy are commissioned to design knobs and coat hangers. Sozzi's 70-80 piece collection

is featured in the homes of some of Europe's most famous - Armani and José Carreras for starters - and still manages to be light-hearted. "Pluto", for instance, is a wacky low stool covered in felt or leather. "Dumbo" is a dining table with big floppy legs.

The designs of Sozzi reflect Liaigre's influence, but no more than Art Deco or the

17th and 18th century contents of his father's restoration workshop. His bold use of dark woods includes Liaigre's once-beloved (now depleted) Wenge.

But the Brancusi touch, which is so apparent in much of Liaigre's work, is non-existent in Sozzi's. His lines are classical and precise (he was trained in fine arts at L'Academia Brera), but his

detailing is far more elaborate.

"My lines are softer than Liaigre's," says Sozzi. "I learned that from papà, from looking at the 17th century furniture he restored. The origins of the Battista table (his best seller in England), for example, are English. Dad worked on many similar tables. I took the design and copied it, altering bits here and there."

Sozzi is more what the Italians call an artigiano, or craftsman, than an international designer like Liaigre. "They're night and day," says Francesco de Piffier, who discovered Sozzi's work by accident six years ago and is the exclusive dealer in England and Switzerland. Her showroom in Sloane Avenue, London, usually contains 10 to 15 pieces from Sozzi's collection. The two are old friends, having worked together on several international projects, and Piffier recently agreed to take Sozzi's 24-year-old son under her wing.

"Romeo is very low key," she says. "He doesn't think he's a star. He could have all the success in the world and he would still be the same caddy man who brings his family with him when he does a job abroad."

Sozzi's wife handles the accounts and Davide ("Lupo" to papà) tends to the window displays and layouts in de Piffier's showroom while jealously guarding and polishing papà's creations. He is also here to learn English. Though initially shy, once allowed to speak away in his native tongue he is obviously his father's son - thoughtful, articulate and eager to design.

Furniture is to the Sozzi family what banking is to the Rothschilds. The tradition is in the blood, which is why the business won't go up in smoke when design editors suddenly decide that plastic is the new wood or colour the new white.

"I love my father's work

because when you sit on a chair, you sit on chair," says Davide. "You lean back and it's comfortable, nothing thrusts into your spine. But at the end of the day, a chair is a chair," he adds, with characteristic northern Italian pragmatism. "It has arms and a back. When you see something you like, you take what you like, change it, improve it, but at the end of the day it's still a chair with four legs."

Design aficionados will always stick by their favourites (I still marvel at the beauty of some of my Liaigre pieces), but we are always on the look-out for new and different talent. Not because we are fickle, but because there is a real dearth of well-made, modern furniture that can fit into both modern and traditional surroundings.

Sozzi's can. By splicing together tradition and vision, he makes furniture that is modern without being cold. As his son Davide points out, Romeo Sozzi does not want to change the face of design; he just wants to add some hand-crafted beauty to a world filled with high-tech, industrial sameness. He's climbing the furniture design mountain by keeping things warm.

Interior bis, 60 Sloane Avenue, London SW1; tel: 0171-838 1104. Romeo Sozzi, Via Montenapoleone 8, Milan; tel: +39 02 7600 765. The Milan Furniture Fair runs from April 18 to 19 at Galleria Chiocci. Domodossola 1, Milano 20145 tel: 39 02 43 63 63 17.

Left: Davide Sozzi with his father Romeo's furniture: Narciso screen (£1,510-£1,970); Ernest desk (£1,720-£2,090); and Pierre stool (£570). Above: Rebecca chair, folds to become a step ladder (£610); Dumbo table in cherry or oak (£4,170) or ebony (£5,844). All available to order and can be customised. Portrait of Davide Sozzi by Jason Orton.

## Trinidad gets in your eyes

Edward Lamont discovers a new and slender Cuban cigar that demands a serious approach to smoking

Imagine for a moment that the French have produced a new wine, reputedly the best vintage ever, with grapes from only the finest vineyards. Word of it has been leaking out in wine lovers' magazines for several years.

The few bottles that make it to auction are sold for record prices, leaving oenophiles breathless for the wine to be released on to the open market. It is the crown glory in the cellar of any host with enough cash and connections to have procured a case.

Finally, the French Ministry of Agriculture makes it official. This remarkable new ambassador of French wine, they announce patriotically, will be known as Chateau Denmark.

Ridiculous? Perhaps, but transpose this sequence of events to the Caribbean, replace wine with cigars, and you have in essence the latest Cuban cigar launch, incredibly named Trinidad.

The simple gold cigar band originally carried nothing but the name, and no mention of its provenance. Some of those lucky enough to receive the cigars as rare diplomatic gifts even tried to give them away before trying them, such was their disdain for this little-known entry from the "Trinidadians".

It was their mistake. They had not looked at a map of Cuba and spied, down on the south coast, a colonial town

called Trinidad.

The Cubans, thumbing their noses at the capitalistic vogue for short fat robustos, have opted for a long slender profile for this cigar, similar to the Cohiba lanceros. In a small concession, the

decrease brand confusion (many Cuban cigar names are owned by other companies in the US, where they are used to selling largely Dominican versions of the originals).

Supposedly, Castro created the new cigar to replace his long-standing favourite, Cohibas, as an exclusive gift for diplomats and other important guests. Not so. In fact, he knew nothing about the new cigar until it was mentioned to him by the press. And then, it is not clear he entirely approved. It is true, though, that they originally

circulated only

in diplomatic circles. And that, by any measure, Trinidades are cigars for the elite. Last November, in a Geneva

saleroom, they achieved the top price ever paid for a cigar at auction, when a box of 25 sold for £9,890. Having paid just under £400 per cigar, the anonymous buyer will have the dubious honour of being able to put the price of a small car up in smoke simply by passing his humidor at a decent-sized dinner party.

Edward Sahakian, the

**In a Geneva saleroom, they achieved the top price ever paid for a cigar at auction, when a box of 25 sold for £9,890**

The cigar was believed to have been born of Castro's insistence on producing new cigar brands to increase export revenues and owner of Davidoff in London and a man who knows his cigars, is impressed. "This tobacco is selected from the finest of the finest of the

finest Cuban tobaccos. It is a light cigar, but still remarkably full of flavour. If Cohibas have been the crème de la crème, this is just a touch better still."

Sahakian is putting his money where his mouth is. "I'm personally putting a couple of boxes of 50 aside. I think it is going to turn out to be one of the finest cigars

made in the 20th century."

The fundadores, as the new cigar-size has been labelled, is listed at £25 on the menu in the cigar lounge at Che,

in London, but it sells for a mere £18 at any of the cigar

merchants in the area. City

traders will recognise this as a potentially lucrative

arbitrage. Castro will not be impressed.

In London: The restaurant and bar, 23 St James's, SW1, 0171-747 9386; Davidoff, 35 St James's St, SW1, 0171-830 3079.

In Paris: La Cigarette, 157 rue St Honoré, Paris 75001 +33 1 42960499.

In Canada: La Casa del Habano, 1434 Sherbrooke, Ouest Montreal, Canada +1 514-849 0037.

## SUPER TRAMP

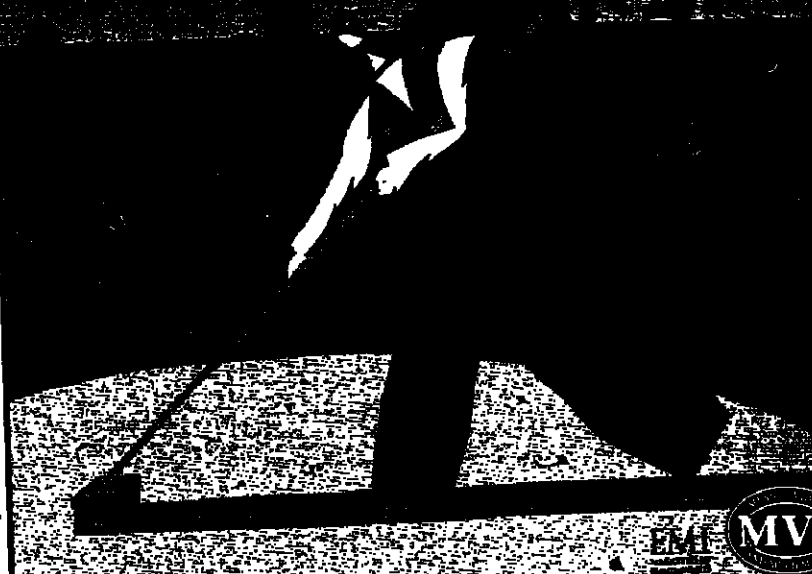
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## FOOD AND DRINK



Barrels of Sauternes in the cellars of Château d'Yquem, the great sweet white bordeaux. 1997 Sauternes is definitely a wine to buy now

Courtesy/Mick Rock

# This is it – the moment for fine wine

Congratulations to those Bordeaux châteaux owners realistic enough to announce a dramatic price reduction for their 1998 red bordeaux. With Bordeaux merchants' cellars piled high with unsold 1997s, it might seem crazy for them to have done anything else, but there will doubtless be other, more ambitious, less realistic, announcements over the days to come.

My colleague Nicholas Faith will be reporting in detail on individual wines and whether to buy them. Meanwhile, I strongly recommend one last raid on the truly exciting 1996 and, even better value, 1995 vintages.

Traditionally structured British wine merchants, such as Berry Bros & Rudd and Justerini & Brooks, still list considerable quantities of both 1996s and 1995s – and not just red bordeaux.

Finance directors of younger, less well-funded outfits might balk at this stately stock turnover but these rivals face each other across London's St James's Street, secure in the knowledge that their activities are underpinned by sales of Cutty Sark and J&B Rare Scotch whiskies respectively.

The relatively mature 1996 vintage of Ch Haut Brion has been available from Oddbins Fine Wine for just £105, but bodemists might well be tempted by the 1995 vintage on sale at Berry Bros for £125 a bottle, or the

exceptional Ch Margaux 1996 for £195 at Berry's. From the same merchant, more cautious buyers can luxuriate in the amount of pure pleasure available for £19.95 a bottle: either Ch Fousseaux 1995, back to Flash Harry form, or the sophisticated cocktail that is Ch Batallay 1995.

In between these price extremes, Grand Puy Lacoste 1995 is £39.95 at Berry's and more glamorous than a first growth in many a duller vintage. The second wine, Lacoste Borie 1995, is another winner. There is no obvious shortcut to working out which region or proprietor performed better in 1995 or 1996 – except to say that web site addresses are much less likely to be found on the labels of 1995s.

But fine red bordeaux is made in such quantity that it never disappears from the market – and demand even for the trophy wines produced by the micro-châteaux has softened considerably over the past year.

This is definitely the moment to buy 1997 Sauternes (and 1997 German sweet wines), however, if you have not already taken that sensible step. They are quite delicious, and much more impressive than the vintage's red bordeaux. Ch La Tour Blanche 1997 is sensational, but unfortunately was released at a price to reflect this. Berry's is asking £90 a case for it in its *en primeur* offer. Probably best value in their 1997 Sauternes

offer is the sensational Ch Dolsy Deane (2019 a case), although the 1996 vintage of this wine (£24.95 a bottle) would make delicious drinking already.

Wines from elsewhere which must be pounced on now, if only for cellaring, include those delicious 1996 burgundies, at prices that look increasingly attractive; the great value 1996 Rhône reds; the exceptional 1994 Rioja Reserva (Roda) at £240 a case from

game in California, acknowledging that this is the source of some of the world's finest wines today – if only, alas, in the upper reaches of the price range. To top drawer names such as Chalone and Calera, Bibendum has added Katin to its portfolio of imports, and those already seduced by the integrity of this producer's wines, especially dense Chardonnays, should investigate straight away. It is a sad fact for wine lovers

their own dining tables can sometimes get their hands on the odd bottle from enthusiastic retailers such as Uncorked of London EC2. Other UK retailers which take the trouble to persuade top California producers to export include The Wine Treasury of London (Kistler, Alban et al) and T & W Wines of Thetford.

Much easier to find is the regular Landmark Chardonnay, which is truly delicious and more

Cabernets and Merlots stood out when I visited the state in 1996, and it is thrilling to see that the testotal winemaker is sufficiently dedicated to the British market to be prepared to export some of his sought-after bottles. Expect to pay £24.99 for his intense Sorella 1996, but look out, too, for his single vineyard Merlots.

If you like the no-prisoners style of Cabernet, the minerals rather than fruit sort conventionally associated with Ch Latour, then Wing Canyon Mount Veeder Cabernet Sauvignon 1993 and 1994 are well worth investigating (£22.99 and £18.99 respectively at Oddbins Fine Wine).

Another, more famous California producer, whose Cabernets have long tasted as though old-fashioned Ch Latour were the archetype, is Paul Draper of Ridge. Here again, the British benefit from his personal commitment to the UK market, and cannot only jump aboard the 1998 Monte Bello futures bandwagon (try Adams of Southwold, Suffolk on 01502-727220 and Morris & Vardis of London SE1 on 0171-357 8866), but also wallow in such quintessentially California reds as Lytton Springs 1996 Ridge (£19.65 Adams). Unlike some rather unpleasantly jammy Zinfandels, this vineyard blend of Zin with Rhôneish grapes suggests herbs instead of simple fruit, and has a real sense of place.

Another fine 1996 red based on a venerable northern California vineyard is Villa Mt Eden's Grand Reserve Zinfandel from the old Monte Rosso vineyard so cherished by Louis Martini in the good old days before California growers had heard of Chardonnay. It is about £17 from Noel Young of Trumpington near Cambridge, Harvey Nichols and Liberty Wines of London SW8 (0171-720 5350).

The bandwagon to jump aboard for fine white wines, however, is undoubtedly that labelled Austria. This is where connoisseurs can find elegance, fruit and complexity – whether in sleek Rieslings and cracking Grüner Veltliners from the Wachau and Kamptal, sophisticated reds, or the sweet marvels of Burgenland.

The dry wines will probably outlive the sweet and those made from the native grape go from pungent youth to disconcertingly burgundian maturity. The Rieslings have the weight of Alsace and the race of the Mosel. Merchants selling fine Austrian wines include: Rabeur Wines of Edinburgh, 0131-3431159; Berry Bros & Rudd of London SW1 and Basingstoke, 0171-396 9600; Ben Ellis Wines of Surrey, 01737-842160; Bibendum of London NW1, 0171-722 5577; Philglas & Swiggett of SW11, 0171-824 4494; Bouquet Wines of SW3, 0171-351 9623; and T & W of Thetford, 01462-755466.



**Janis Robinson concludes her two-part wine buying guide with recommendations for fine wines. She picks red bordeaux, Sauternes and Austrian whites that should be pounced on now, and gives tips on how to track down some elusive Californian giants**

John Armit Wines of London W11 looks a snip now that prices from Spain are rising by the minute; and the best Australian reds from the extremely successful 1996 vintage.

The Australian Wine Club can oblige with many a hand-picked parcel, but so, too, can Lay & Wheeler of Colchester, Essex, for Hansche's beautifully balanced Eden Valley reds and Bibendum of London NW1 and Oddbins for D'Arenberg's generally underpriced and dramatically styled messages from McLaren Vale. Bibendum is also raising its

outside the state that Californians like their own wines so much, even New Yorkers can hardly get their hands on the best. One young wine merchant, Richard Lashbrook of Thorndon & Hunt in south London (0171-735 5511), has been doing his best to wrangle small quantities out of such truly fine producers as Araujo and Harlan.

Wine-friendly restaurants, such as the Fat Duck at Bray, Berkshire, and Ransome's Dock in Battersea, south London, tend to be the beneficiaries, but those who would prefer to see them on

appetising than the dearer Damaris bottling, from Oddbins at £11.99.

The chain's top seven specialist branches, Oddbins Fine Wine (branches in London, Oxford and Scotland's twin centres of wine excellence), have decided to go nap on Washington state wines, too. This is sensible in terms of quality at the top end, which can match California dollar for dollar. Washington's more ordinary wines, though, look relatively expensive at the moment.

Andrew Will's Washington

## I left my culinary heart with the chefs of San Francisco

Fresh produce, fine wines and keen prices make the Bay Area special, says Nicholas Lander

Opposite a bus shelter poster asking "Are you waiting for your kids to talk to you about pot or sex?", I had one of my most exciting meals in San Francisco.

Readers with long memories may quickly identify the location of the restaurant from this message alone. Bos is in Haight Ashbury, once in the heart of the flower power capital of the world, now a respectable suburb with wonderful views and, as demonstrated, the occasional top restaurant.

A combination of factors makes Bos particularly exciting – heavily Astorian-influenced food such as scallop and rock shrimp cakes with gingered aioli, tiger prawns with caramelised soy onions and Thai red curry chicken with bok choy, a sensational wine list that seems to offer nothing but the best at very fair prices, and casual yet attentive service. What it demonstrates above all, in a restaurant-obsessed city, is that the new is as good as the old.

For the restaurant reviewer as well as the conscientious diner, San Francisco presents two logistical problems. The first is that however long you stay, there

is never enough time to eat at all the places you want to. The second is that as San Francisco, and more particularly neighbouring Berkeley and Oakland, spawned California cuisine, there is a definite choice to be made – to return to those places which started this culinary revolution or to explore the new competition?

My inclination was for the former and jet lag did the rest. Just before fatigue crept in on the first night we managed to get an early booking at Oliveto, a pioneer of the Italian cooking that has swept the Bay Area and where we last ate five years ago. As I walked past the food market underneath the restaurant, which bristled with bright California produce, I wondered whether disappointment could have set in with age.

Such fears lasted a few seconds. The restaurant has worn remarkably well. The menu and wine list manage to combine the comforting and the cutting edge in equal proportions, and the kitchen is as skilled as ever. Whereas many American restaurants serve pasta in quantities that would be unrecognisably enormous in

### Oldies but goldies

- All in San Francisco unless otherwise stated
- Chez Panisse, Berkeley, 510-548 5525
  - Oliveto, Oakland, 510-547 5356
  - Bay Wolf, Oakland, 510-855 6004
  - Hayes Street Grill, 415-363 5545
  - H & H Lounge, 415-382 7877, the best Chinese
  - Fog City Diner, 415-382 2000
  - Dreams, 415-771 8222
  - New Kids on the Block Asia SF, 415-255 2742, Asian food
  - Eos, 415-585 3063
  - Mazzini, Oakland, 510-948 5595
  - The Stained Door, 415-981 8532
  - Vietnamese food Pringale, 415-643 0573

Italy, here the amount of tagliatelle was just right. The bottarga (grated mullet roe), which accompanied it, came in a generous bowl. My main course of lamb cooked three different ways – a piece of slow roasted shoulder, a couple of spicy lamb sausages and some perfectly cooked lamb fillet on a skewer – was testimony to a confident, experienced kitchen.

One Californian restaurateur ascribes the increasing number of good eateries and their unwavering standards to one single phenomenon – usually the preserve of economists – competition.

"There are so many places and so many people want to

eat out but if standards drop or prices get too high, customers just never return," he explained. The Californian lifestyle also contributes. With so many people travelling all the time, restaurants here have a higher throughput than most European restaurants. This restaurateur's 50-seater restaurant, open from 11.30am to 9.30pm, serves up to 200 customers a day.

The most beneficial aspect of this for the customer is that restaurant prices in the Bay Area remain lower, particularly in terms of the value they offer, than anywhere else I know.

For four, eating three seriously fine courses and drink-



At the culinary epicentre: Alice Walters, founder of Chez Panisse in San Francisco

gone). They all demonstrate an extraordinary eye for fresh produce and a determination to match this with the most suitable wines, far more of them served by the glass than in Europe and often in a flight – that is, several different wines to see you through your meal.

This attitude, this invigorating approach to serving only the freshest at the keenest prices, inevitably results in some of the finest of menus, all printed for that particular service, lunch or dinner, offering only what is best at that moment. By tomorrow they, and yesterday's deliveries, are history.

This approach contributes to lower prices, as it means only the minimum stock is held overnight. It also means the menu you have eaten from becomes the restaurant's calling card.

I have brought home all the menus I was lucky enough to eat from in San Francisco, where I must confess I have left – as well as a sheaf of credit card slips – my culinary heart.

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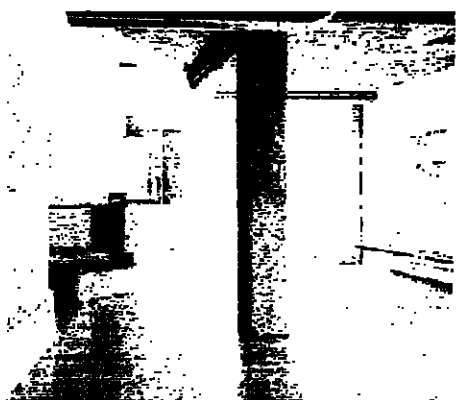
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## PROPERTY / MOTORING

# Riverside views will have been through the mill

Gerald Cadogan reports on a project that will save a jewel of Scotland's industrial heritage and provide homes at competitive prices

Past the Stanley Mills, a few miles upriver from Perth in Scotland, huge volumes of water tumble down to the sea.

The mills are a spectacular monument of the water-power era of the Industrial Revolution, and the Tay, on which they stand, is a snappy, powerful river famous for salmon fishing and also, once upon a time, freshwater pearls. From the 1780s until 1989 the mills processed cotton.

Now, the Prince of Wales' Phoenix Trust is converting two of the mills into housing. When the Prince visited two weeks ago to lay commemorative bricks, the sun shone and a fisherman stood and cast in the swirling water, oblivious of royalty and the contractor's noise.

In partnership with Historic Scotland, Phoenix has taken on a huge brownfield housing scheme at Stanley. Its task is to save a crown jewel of Scotland's industrial heritage (once Britain's most northerly cotton mills) and provide houses and flats at competitive prices (currently from £39,000 to £140,000) and a visitors' centre. Craft shops will come later and perhaps an art gallery.

The mills, listed category A, are as majestic as their riverside setting - and some of the new residential units are so close to the water that owners could fish from the sitting room window, if that were allowed. Fishing rights are not included.

Sir Richard Arkwright, the founder of modern factory systems, planned the mills in 1784 at the downstream



Royal bricklayer: the Prince of Wales at Stanley Mills

side of a hairpin bend in the river.

"The force in the river is Stanley's main asset," says archaeologist Ron Fitzgerald of Halifax-based Structural Perspectives, who has found investigating the mills an exciting project.

"Until about 1825 water was better," says Fitzgerald, and at Stanley it stayed so, thanks to the Tay. In 1825-1828 new mills were added in red sandstone and a gas plant, with a water-lined circular gas holder, to provide lighting. The workers' hours ran from 5am until 7pm.

In the 1890s the mills had to close in the cotton "famine" caused by the American Civil War (when a main aim of the North was to secure cotton processing for places such as Lowell, Massachusetts, rather than have the raw material shipped to

Britain, as the South wanted).

In the late 19th century the mills turned to making cotton belting and webbing for the army. The world wars helped business. When the mills closed in 1989, they were processing artificial fibres.

They quickly became a target for vandals, until in 1995 Historic Scotland took the site into care, helped by a grant from the Heritage Lottery Fund (which by now has given £2.4m).

In 1997 Stanley became Phoenix's first project in its mission as a non-profit making charity to acquire, repair and find new uses for major historic buildings which might fall into decay or be demolished. If restored, they must benefit the community and help local regeneration.

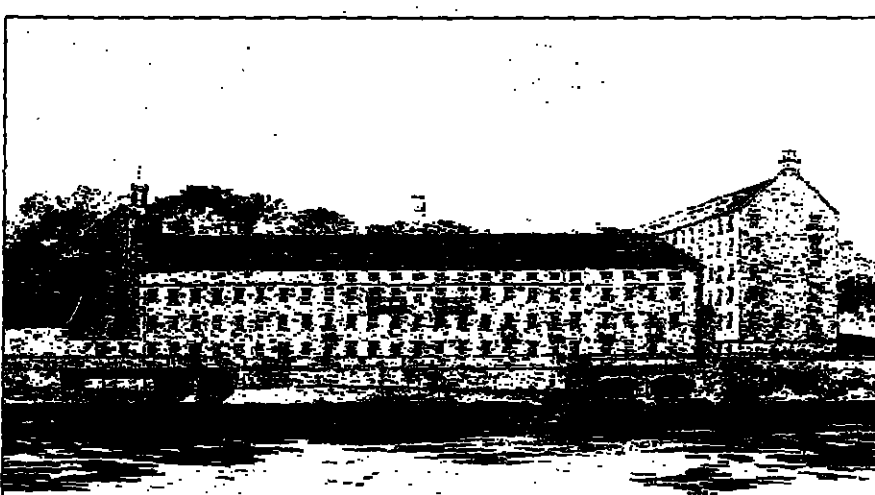
Stanley has also had grants from the Gannochy Trust (£150,000) and the Historic Building Council for Scotland (£744,000) and a loan of £500,000 from the Architectural Heritage Fund, the largest it has given.

The size of the buildings is not an issue for Phoenix. In his former private capacity, architect Kit Martin, the director of the trust, was fearless in converting stately piles.

Now Phoenix is also taking on Fort Gillicker at Portsmouth, which is part of the Palmerston era land defences against the French. The scheme for public access and private apartments includes removing an earth bank that has been piled against the walls for added protection against gunfire.



River views: Kit Martin (left) and David MacLehose, part of the team effort



A spectacular monument of the water power era: Stanley Mills

Soon we shall see the walls of Gillicker in their original glory.

At Stanley, Historic Scotland has made the 1780s Bell Mill - its bell called the

workers - sound and water-tight, using recycled slates from Perth prison, and will turn it into the visitor centre.

From here, people will

step out into a large courtyard to view the grand industrial archaeology of Stanley's vast wheel pits and the gas works that powered and lit the mills. On the

other sides of the yard are the two mills, the Mid Mill fronting on to the river and the East Mill, where Phoenix is making 39 (vertically divided) houses, maisonettes and flats.

Many units have stunning water views and those in the Mid Mill keep the original ripple-effect ceilings with long brick arcades set between cast iron beams - a feature of early industrial architecture designed to be fireproof.

Although marketing has only just begun, five units have been sold or agreed already. Rooms are generously sized and the kitchens finished with good quality, but simple woodwork. With units ranging from one to four bedrooms, there should be a good mix of residents.

Eager to return to their Scottish roots, Hew and Norma Lothian from Peter-

borough look forward to moving to Stanley later in the year for its "location, with three river views" from their flat at the end of the East Mill. They are also keen to be close to Edinburgh.

Lothian, who is a consultant and expert witness in construction cases, was also impressed by the engineering.

Residents will pay minimal charges for maintenance, says David MacLehose, Phoenix's local deputy director, as Historic Scotland will be looking after the green spaces and woods around the mills.

The Prince and Kit Martin emphasised the team effort that had made it possible to give new life to some of Britain's greatest industrial heritage in a unique country setting on the Tay. The agent for Stanley Mills is Bidwells, 01738-630666.



Race for executive approval: industrial troubles and delivery delays have turned opinion against the Rover 75, top, and in favour of the Jaguar S-type, below

## MOTORING

## Clawing back lost ground from a classic rival

Jaguar's S-type was compared unfavourably with Rover's 75 at its Motor Show launch. Today, all that has changed, reports Michael Harvey

In case you had not realised, that's Shirley Bassey singing on the new Jaguar S-type television advertisement. The lyric - "It's all just a little bit of history repeating itself" - is the key to it all. Without the past, the S-type is nothing.

But the choice of Shirley Bassey is intriguing. Like Jaguar, she has been fired away in the subconscious of many, and forgotten for about 20 years - long enough to take on a certain rosy hue.

Jaguar is still defined by a 30-year-old car, the E-type; Bassey by a 25-year-old song, the sublime "Diamonds are Forever". Yet Jaguar, like Shirley Bassey, has found new admirers in recent years, admirers just young enough to have forgotten, and just old enough to want to go back.

This has nothing to do with nostalgia; it's a much more fundamental sense of belonging. Jaguar's advertising agency, J Walter Thompson, could easily have pressed the "you must remember this button, but that's not what Jaguar is about."

Just like born-again Welsh divas, car companies, especially British ones, must

handle the past with care. Without the promise of a vivid future, a back catalogue is just unwanted luggage.

So it's hard to believe as you watch the appropriately modern S-type commercials, that six months ago the new Jaguar was being compared unfavourably with the new Rover 75.

The 75 has not had an easy run since then. From the moment some public relations genius decided its launch would be a good platform for a badly handled game of brinkmanship with the government over the future of Rover's beleaguered Longbridge plant in Birmingham, the 75 has had to fight to keep its abilities the focus of attention.

It has had to swerve a course around polemical reviews, embarrassing engineering revelations and repeated delays.

So what was it that appealed about the Rover when it stood, almost side by side, with the S-type at the Motor Show last October? In a word - looks.

The feeling then was that the Jaguar looked like a pastiche of a British car. The Rover looked the real thing. You were considered to be

fit for the Tower if you dared suggest that the 75 could be just a bit too much like your father's car.

For an hour or two, until the position of Longbridge started to be sorted out, it was a spectacular and unexpected win for Rover, the underdog. Jaguar didn't comment. It took the knocks and was happy to wait for its car's virtues to speak for themselves.

**Car companies must handle the past with care. Without the promise of a vivid future, a back catalogue is just unwanted luggage**

Over the following months, the situation at Rover went from bad to worse and it was hard not to project the company's malaise on to the 75.

The chrome that had sparkled under the lights of the show seemed tarnished by the rumours of board-level shenanigans and engineering foul-ups.

Hordes of prototypes scurrying up and down the M40, as Rover fought to rectify quality issues, looked increasingly desperate, as strategic and then engineer-

ing misgivings crept into the public arena.

Sadly, it seems that when the car finally goes on sale, the 75 will have to fight harder than ever to win over the sceptics and convince us that Rover can build desirable prestige cars once more. Until it does, those elegant, classically-tailored lines could look embarrassingly over-dressed.

This, of course, is no lon-

Given Reitzle's passion for engineering and his belief in BMW, it is difficult to know whether the de facto former No 2 at the car company regards his new role as consolation. After all, he, more than anyone, has been responsible for making BMW an icon for car drivers over the past 20 years.

He will not miss Rover. We all winced with embarrassment when the BBC filmed the dinner ladies at Rover popping to Sainsbury's to buy Bavarian sausage for the new bosses' lunchtime sandwich.

There will be none of that this time. Reitzle is having new offices built for his Ford Premier Automotive Group in London's exclusive Berkeley Square.

On the basis of the new S-type Jaguar, Reitzle will not miss driving BMWs much either. The cars he created at BMW are testimony to his skills as a driver.

The slogan, "the ultimate driving machine", conjured up by BMW's UK advertising agency in the 1970s, proved a self-serving prophecy. No manufacturer makes a range of cars so acutely adapted to the needs of the driver. Yet sometimes we like to be pas-

sengers in our own cars too.

The S-type will not let you down, no matter how the mood catches you. It will paw the ground as gently as the tiniest kitten yet, with a choice of two powerful, eager engines and five-speed automatic gearboxes from Ford, it can extend its claws at a moment's notice.

The steering is maybe a little lighter than prescribed by the BMW 5-series, the benchmark among vehicles of this size and class. It's not at the expense of confidence, something the new Jaguar has in abundance.

The biggest task facing Reitzle is creating another new Jaguar, smaller than the S-type. This time, the target will be another Reitzle icon, the BMW 3-series. After the debacle at Rover, he will be grateful that the negotiations for government funding were completed by his extremely diplomatic predecessor, Nick Scheele.

By the time the smaller, Mondeo-sized Jaguar noses out of a reborn Halewood plant in Merseyside, Jaguar's present should be as exciting as its past. It will be up to Reitzle to decide how much of the past - Jaguar's and his own - the so-called "X400" will evoke.

## Still waiting after all these years

Richard Donkin clings fervently to his hopes of owning an open-topped Morgan four-seater

Many years ago I drove my wife's bright yellow Triumph Spitfire sports car in the south of France on our honeymoon.

We felt a million dollars on the French roads where the Spitfire was a comparative rarity. Nevertheless, I could not suppress a feeling of deflation and envy as we approached the Italian border and drew up behind a white, open-topped four-seater Morgan Plus Four. For posing and style there was no contest. It had to be a Morgan.

I decided we had to have one even though there was a seven-year waiting list. The Spitfire was barely parked in the driveway before I had signed a £100 cheque for the deposit on the Morgan and sent it to a dealer in Manchester. We couldn't afford one at the time but I was sure we would be moving up in the world within seven years.

In the meantime we settled for a Golf GTI, which in 1979 had the same rarity value in the UK as the Spitfire had in France. But it wasn't real posser material, providing instead a dangerous invitation to a youthful driver. The Golf ended life embedded in a wall of Caphouse Colliery near Wakefield.

With a year of the waiting period to go, the dream was fading fast. A larger house, a new roof and a baby had exhausted any surplus finances. The deadline came and went. Volkswagens made way for Volvos as the family expanded to four.

People tried to warn me off. Why on earth buy such out-of-date engineering built around a wooden frame? The answer was always the same - because it looked good. That honeymoon image of the stylish young couple in their white Morgan continued to haunt me.

Another year went by. Still no word from the dealer. I tried ringing. No answer. The dealership had gone into liquidation. The dream was shattered. In some ways it came as a relief.

The family expanded into

people carriers. The Morgan did not expand. There is still a waiting list although these days it is down to nearer four years and the deposit is £250.

The Malvern-based Morgan Motor Company, which has made a virtue of slow incremental change, responded to increasing waiting lists by upping production from about 410 a year in the 1980s to 486 in 1997. In February it was improved from 10 to 17 cars a week. It has a target of reducing waiting lists to two or three years but don't hold your breath.

In the meantime there is bad news for those, like me, who have been banking after a four-seater. Production of four-seaters has been suspended because of difficulties complying with new European vehicle approval standards.

Four-seater production is to resume next month.

There is also a better system of deposit-taking these days. Every deposit handed to a dealer is recorded by the factory and an order number allocated so potential buyers can be traced should a dealership collapse. That said, deposits, as ever, are not refundable.

I have the impression that long after people carriers have made way for New Age buses Morgan will still be making cars for a market where a shortage of supply helps to generate demand.

Part of the appeal is the car's simplicity. The basic Morgan 4/4 is so named because it has four cylinders and four wheels.

The problem for me is the more old-fashioned Morgan appears - the factory switches off its telephones at luncheon time because "it's the only time they can get any work done" - the more I want to the company.

It stands for a set of values that have all but disappeared. Our last four cars have been automatics and I have become de-skilled in motoring terms.

One day, many years from now, I might sign another hopeful deposit cheque. The rear seat might just have room for a zimmer frame.



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## PROPERTY

## ONE IN A MILLION

# Hammer about to fall on stately pile

But Gerald Cadogan says there is just time for a last-minute bid

The sale of Wentworth Woodhouse, a colossal stately pile, has reached its eleventh hour. This huge 18th century house in Yorkshire, between Rotherham and Barnsley, offers 124,600 sq ft of space and has the longest facade (606ft) of any private house in the country.

"We sent out 1,500 brochures," says Mark Rimell of Strutt and Parker, "and had 80 viewings." The agents - FPD Saville is joint agent - asked for expressions of interest for the house, and the 82 acres that are also for sale, to be in by April 7 and they are now evaluating them to prepare a shortlist of serious bidders.

But it is still not too late for a last-minute genuine offer. If the guide price of £1.5m seems low, that is because it reflects the expense of managing a house that in its heyday was a rival to such palaces as Blenheim in Oxfordshire.

As the vendor, through foreclosure, is Bank Julius Baer, a sale of some sort is assured. Last year the bank called in its loans to Wentworth Woodhouse, who had bought the house in 1986 at the time of his success in buying Porton Down, the

biological warfare laboratory. The Fitzwilliam family used to live in Wentworth Woodhouse. After the death of the last Earl Fitzwilliam in 1979, the park and Wentworth, the well-kept estate village, were vested in a charitable trust.

In the meantime, a teacher training college used the big house ("the grandest hall of residence in the country," Rimell declares) and put up buildings in the grounds. But it became redundant, which led to the 1986 sale.

Now the need is to find a person or organisation that does not suffer from *folie de grandeur* and will look after this important building properly.

It is remarkable in having two fronts. The grand west front was begun in 1725 and scarcely finished when work started in 1734 on the even showier Palladian east front, which demonstrates how much money was then available in Yorkshire and epitomises the 18th century mastery of a big country house over its lands. The 1766 stable block by John Carr of York is of similar majesty.

The state rooms are decorated with superb plaster confections, panelling, mar-

ble and classical reliefs. And even though they have lost their furniture, and Stubbs' famous picture of "Whistle-jacket", the rearing riderless horse, is now a treasure of the National Gallery, the decor still keeps the sense of a Roman never-never land transposed from the Grand Tour to northern England.

By contrast, the fairly austere bachelors' quarters in the south wing were known as "bedlam" - where boys could make hay.

Converting this house of overpowering size and its stables into good quality residential units, while opening the main rooms to the public, would be a bonus for the local community.

In effect it would be a brownfield development in which many households would have the chance to use the space previously reserved for just one household. At the same time, it would be sensible to pull down all the unneeded college buildings.

Other possibilities are conversion into a hotel or conference centre.

If you want Wentworth Woodhouse, hurry. Strutt and Parker (0171-629 8272); FPD Saville (0171-499 8644).



In the style of the region: Château de Long - in excellent condition and with 20 hectares

## ON THE MOVE GERALD CADOGAN

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**Buy 25 flats**  
Hugh Obbard buys property for clients to refurbish and

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"As a rule of thumb, if you spend 10 per cent of the purchase price on improving the property, you will add 10 to 15 per cent to its gross value."

For people ready to put up quite a large amount of money - "say half a million pounds" - he may suggest a scheme in Newcastle, probably buying 25 flats. "A Tyneside flat costs £18,000 to £23,000 and produces £55 to £60 a week," says Obbard. "That is an 18 to 20 per cent yield."

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Inside Château de Long

wrong in any one flat. And there is another safeguard: "Good landlords prevent people trashing the place. If the boiler fails, we fix it at once."

Capital growth may be modest in northern England, but the income is good and if properties have been well looked after, an investor knows they

can always be sold on. All inquiries to Hugh Obbard & Associates (0171-828 2586).

## Big in Boston

A surprising, newly built urban mansion is for sale in Boston, Lincolnshire, with a guide price of £1m, which must make it the costliest house in town. But the vendors who built the house have spared no expense to make it luxurious and comfortable, and fairly cheap to run.

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Wentworth Woodhouse: guide price reflects the expense of managing such a vast house

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## GARDENING

# The cream of Cornwall

Trebah and Trewithen are a pair of world beaters, seen at their best in spring, says Robin Lane Fox

Great gardens often go in pairs. The site provokes one garden after another or keen neighbours to fire each other up. In Gloucestershire, Kiftgate and Hidcote are within walking distance. The palace garden of the Alhambra is excelled by the Generalife on the opposite hillside in that magical corner of Granada in Spain.

My favourites among the gardens of Cornwall are also parts of a duet. Trebah backs on to Glendurgan, which shares the gentle descent to the same exquisite small bay. Trewithen is not so close to the seaside, but it is close to the other great gardens at Caerhays, whose owners sustained a wonderful gardening dialogue with the genius of Trewithen, the late George Johnstone.

In Cornish, Trebah probably means the house by the bay. Trewithen means the house in the spinney. (Both are near Falmouth.) In their different ways, they are world beaters which every keen gardener should try to see in April or early May.

I suggest that you begin with Trebah. It is wilder and odder and runs down a wonderfully sheltered ravine to my favourite small beach in the whole of England. The view from the upper terrace is like looking into

the canopy of some Nepalese forest. Rhododendrons have become huge trees, covered in pale pink, white and rose-coloured flowers. Ageing tree ferns make an extraordinarily exotic accompaniment and beyond the entire canopy, the blue of the Halford River and the bay show magically through the upper branches.

Like its immediate neighbour, Trebah was begun in the 1830s by the king of early Cornish land-

The Fox family no longer owns Trebah but it is fortunate in its most recent owners, the Hibberts, who have put it safely into a charitable trust.

By the early 1980s, the garden was in need of co-ordination, clearing and commitment. They have stopped it from sinking into a friendly jungle and have drawn more than 100,000 visitors a year to see spectacular planting in a miniature canyon in this

now so heavenly - owes most of its impetus to George Johnstone, who arrived in his early 20s in 1904 and lived and formed Trewithen until 1960.

It is to his artistic eye that the brilliantly planted shrubbery on either side of the main lawn should be credited. Few 20-year-olds have done a fraction so much so well in the history of landscape gardening. He saw a vista, shaped it with simple curving lines and had the patience to plant it with the most sensational array of rare oriental shrubs, now fully matured at heights between 20ft and 70ft.

This weekend, you can still marvel at the mid-season magnolias, the long racemes of flower on the yellow Corylopsis platyphala and the tall, brilliant clumps of red-flowered Rhododendron arboreum. Trees of baffling rarity still stand on either side of this central axis. The sense of perspective should be impressed on every keen designer of gardens. We hear so much about that plantswoman, Miss Jekyll, who has become the honorary president of English gardening. Johnstone, younger contemporary, should be just as well-known for his design, sense of space and brilliant placing of slowly matur-

favoured corner of England.

Trewithen in its historic spinney is quite a different animal. I cannot believe that there is a more glorious spring garden anywhere in Britain and its continuing vitality after yet another hurricane in 1990 is a tribute to the Johnstone family and their famous head gardener, Michael Taylor.

Trewithen is an enchanting house, built in the early 18th century and surrounded by fine parkland and trees. The garden -



Trebah, Cornwall: ageing tree ferns and huge rhododendrons

stone in the early 1960s. By then, he had been confined to a wheelchair for more than 20 years after an unfortunate skirmish with a Cornish hedge while engaged on that other twin pursuit of British endeavour, fox-hunting. The misfortune in no way interrupted his concern for the garden.

Last weekend, I stood and marvelled down the long walk and connected glades of this extraordinary garden. It is a pleasure to see that tall, tightly clipped hedges of my old friend the evergreen cherry laurel are used prominently in association with some of the finest Asiatic shrubs at large in this country.

I can grow the cherry laurel and always recommend it, but I could not even name the spectacular white-flowered Michelia dollops which stood out against great walls of scented evergreen myrtle to a height of many feet, pale pink and yellow rhododendrons and unfamiliar types of nothofagus.

Under its present owners, Trewithen is still growing and recovering from the hurricane, which hit one side of the garden, but from an optimistic point of view, opened yet more space for planting. It supports its own running costs from its thousands of visitors and its excellent array of home-grown plants. Go and see it and do not be seduced that your soil at home prevents you from doing a Johnstone of your own. We are lucky enough to live with these gardens in their full maturity and to have a chance to visit such an Eden without worrying about the winds and weeds.

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UPDATE

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while enjoying a seven-course dinner on a four-night Seine cruise with VFB (tel: +44 01242-240336).

The Lanesborough hotel in London (tel: +44 0171-559 5599) will hold two parties: black-tie, gastronomic, £2,000; and black-and-white, Prohibition speakeasy, live jazz, £300.

Or greet the 2000s in Barbados by Concorde with Elegant Resorts: weekly flights (tel: +44 01244-897111).

QUERY FOLK: Tunisia, fresh from marketing itself as the country where *The English Patient* was filmed, will soon be

known as the setting for *Star Wars* again. Among questions received by its tourist office (tel: 0171-234 5561): Is Tunisia foreign? Are there shops? Should I take my blue jumper? (Official answers: Yes, Yes, if you like.)

WISHING AND HOPPING: *Great Island Hopping* does just what it says on the cover: full reports on beaches and tavernas, Ionic, Saronic and Sporadic, and the unpredictable ferries and their timetables, and a lively sense of humour, too. From Thomas Cook publishing; £12.99.

KOREA MOVE: Looking for cheap accommodation in Korea?

Try the Budget Inns Reservations Centre in Seoul for rooms from £26 (tel: +82 2 729 9498/9, or look up [www.kinto.or.kr](http://www.kinto.or.kr)).

BEAST BEHAVIOUR: Look for red kites and griffin vultures, marmots and potokos, on a Pyrenees Adventures walking holiday (tel: 01433-621498) in remote France. Very educational: a marmot is a sort of big squirrel, a potok is a Basque horse.

BUILDING SIGHTS: Take a tour of the work of 20th century architects with Martin Randall Travel (tel: 0181-742 3355): Frank Lloyd Wright in the American Midwest (May 24), or Aalto's

work in Finland (July 9).

TAKING A DIVE: Among the requests for cover received in 1998 by Primary Direct Travel Insurance: playing underwater hockey and running across the Sahara for seven days. Worst country for holidaymakers' claims: Spain.

LAST FRONTIER: Airways claims to be the only UK operator offering a tour of Papua New Guinea - meeting mountain warriors, cruising down the Sepik River, staying at the luxury Karawari Lodge. Prices from £2,690 (tel: +44 0181-875 1188).

SOW WHAT: Everyone can be Capability Brown with Acorn Activities: instead of spending a break admiring others' gardens, learn how to design them yourself. Weekend courses in April, May and October teach garden design and planting of flower gardens; £100 each (tel: 01432-890069).

IN-DEPTH JUDGMENT: With the go-ahead from a US court, WildWings is offering mini-submarine trips to see the wreck of the *Titanic* 400 miles off Canada. Small groups only - no wonder, really, at £22,779 a person. (Details from tel: +44 0117-984 8040.)

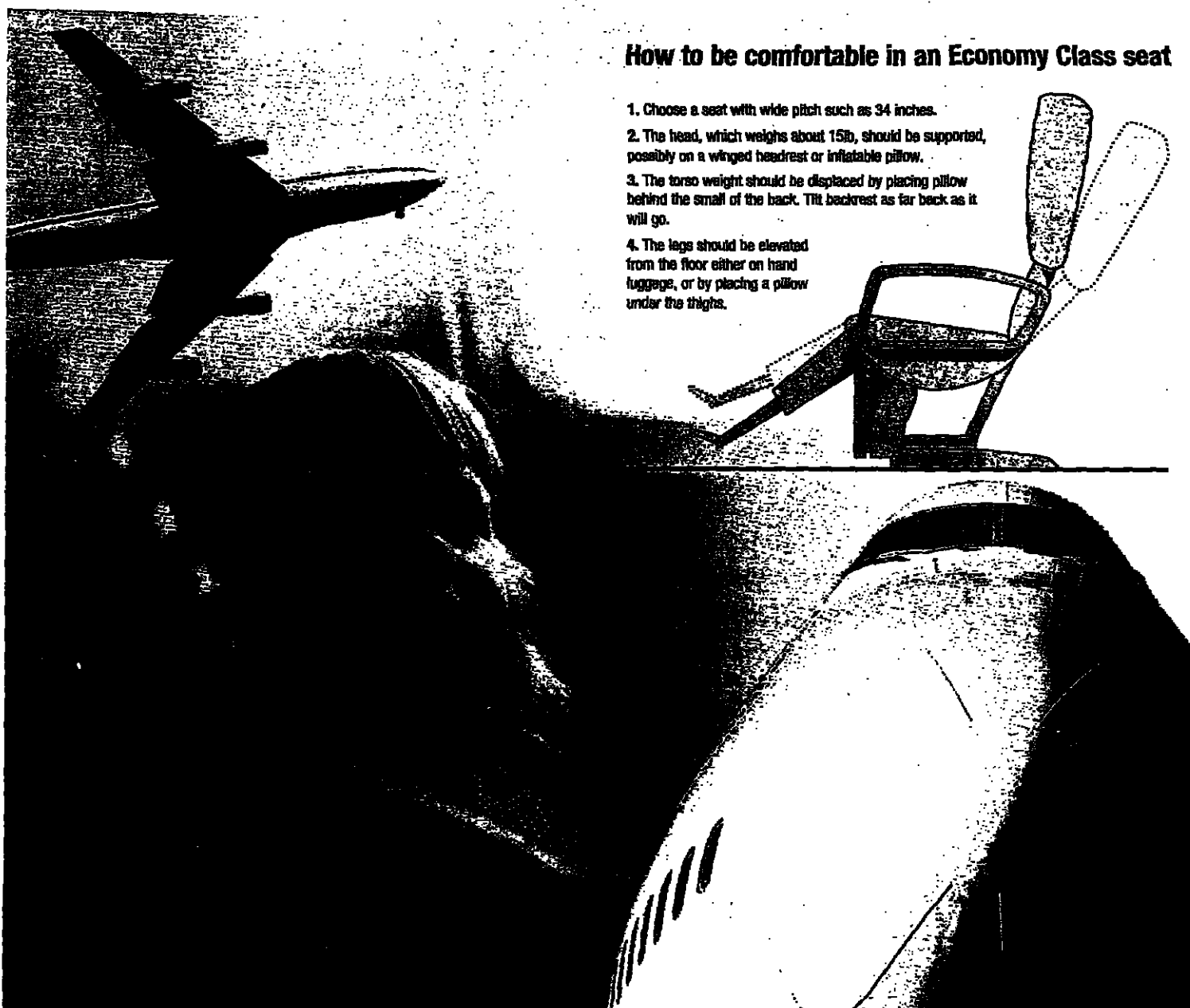
ON THE ICE: Highlight of an 11-day Antarctic Encounter cruise with Gwelta (tel: +44 01373-826611) will be the chance to spend a night camping out on polar ice. Wildlife spotting, iceberg dodging, lectures and on-board saunas also on the menu. Departures in December and February.

TRAILFINDERS, independent travel specialist, opens in the City of London: 1 Threadneedle St (tel: 0171-628 7628/2345).

LIBYA is to go back on British Airways schedules, three times a week.

AA has begun publishing Touring Club of Italy's excellent guidebooks in Britain - Italy, Rome, Milan and Turin among them; £11.99.

John Westbrooke



How to be comfortable in an Economy Class seat

1. Choose a seat with wide pitch such as 34 inches.
2. The head, which weighs about 15lb, should be supported, possibly on a winged headrest or inflatable pillow.
3. The torso weight should be displaced by placing pillow behind the small of the back. Tilt backrest as far back as it will go.
4. The legs should be elevated from the floor either on hand luggage, or by placing a pillow under the thighs.

## ENGLAND'S GLORY

# Kipling's sanctuary, an empire of imagination

Christopher McCooy explores the home of a great popular writer

Rudyard Kipling moved to Bateman's near Burwash in East Sussex in 1902 when he was 38 years old. He described it as "a real house in which to settle down for keeps".

He and Carrie, his American wife, paid \$3,500 for the 17th century sandstone-built house, plus surrounding buildings including a water-mill and 33 acres. It was a sum he could easily afford. At the time he was the most famous writer in the English-speaking world, earning easily in a year at least half what he paid for the property.

In spite of fame and wealth, Bateman's provided Kipling with what he most needed - a sanctuary, a private place away from the public eye where he could grieve yet still work.

"A light that had gone out that could never be rekindled," was how a member of the family described the death of the Kipling's eldest child, Josephine. Her father had written the *Just So* stories for her. She died, aged seven, when the family was visiting New York in 1899. Both father and daughter had caught pneumonia and were very ill. Tragically, Josephine did not recover.

At the time, the Kipling home was in Rottingdean, East Sussex, and, on returning to England, they decided to move. Their home by the sea had too many memories of their dead daughter and, in any event, was too easily accessible by day-trippers from Brighton who came to gaze at the man who had made his literary name with stories from the days of the *Raj: Barrack Room Ballads*, *Jungle Book*, *Kim*.

Bateman's then, as the writer himself described it, "was a grey stone lichened house - AD 1834 over the door - beamed, panelled, with old oak staircase and all untouched and unaltered".

Kipling was particularly pleased that "Heaven looked after it in the dissolute times of mid-Victorian restoration" when it had been occupied for 40 years by a balliff of the local vicar "who had lived in peaceful filth and left everything as he found it".

The years before the first world war were happy for

the Kipling family at Bateman's. By buying surrounding land, the writer acquired another 300 acres around the house - not so much to earn a living from it (he was scornful of tenant farmers who drove the land as hard as they could for immediate profit) - more as a protective buffer from the world.

Inside this sanctuary he began to create from the River Dudwell, the meadows beside it and the Wealden woods and hills that overlook it, another empire of the imagination that manifested itself in his writing. Thus was written *Puck of the Fens* and *Reveries and Fancies*.

In 1907, Kipling became the first English writer to win the Nobel Prize for Literature. He used the £7,700 prize money to lay out the

visitors' book (he was Kipling's American publisher), along with the Canadian journalist Max Aitken, later to become Lord Beaverbrook; Henry James; Rider Haggard; T.E. Lawrence and numerous figures of empire (Cecil Rhodes gave Kipling a house for his visits to South Africa - which he did annually for the first decade of the century).

Kipling was mortified by the death of John, his only son, serving in the Irish Guards at the Battle of Loos in 1915. His body was never recovered. Kipling paid a British gardener, employed by the War Graves Commission, to sound the Last Post at the Menin Gate every night in remembrance.

When Elsie, their last surviving child, left Bateman's to marry a brother officer of John's (whom neither parent liked) in 1924, the house seemed gloomy and empty. But the couple continued to live there, their material life eased by numerous staff and creature comforts. These did not include the telephone. Kipling refused to have one.

He was an enthusiastic pioneer motorist, owning a series of Lancasters before changing to Rolls-Royces in 1911. The Phantom I on display in an out-building was bought for £2,883.18s.6d in 1928 (it is on permanent loan to the National Trust from businessman Sir Jack Hayward). Kipling also liked to play golf: when in his wife's home state of Vermont, he learned to paint his golf balls red, the better to see them when there had been a light snow fall.

In 1936, Kipling went into the Middlesex Hospital to be treated for an ulcer. He died there following an operation. Carrie, his wife, who had shielded him tenaciously, organising and protecting him by turns so he could continue to write despite the great sorrow of losing two of their three children, died three years later. In her will, she bequeathed Bateman's to the trust.

Bateman's, Burwash, East Sussex TN19 7DS. Tel: 01435-942302. Open now until October 31 daily, except Thursdays and Fridays, 11am to 5.30pm. Adults £5, children £2.50. Shop and tea room.

Kipling was related to painters Burne-Jones and Edward Poynter, and prime minister Stanley Baldwin

garden, which remains much the same today - a model of discretion and restraint, surrounded by a yew hedge. The extensive pond was given a shallow concrete bottom so it did not matter if anyone fell in.

Kipling's pious humour is evident in the visitors' book. Next to those who did end up in the pond, he used to write "FIP". Another wry touch is the sun dial in a garden alcove. It is inscribed: "It is later than you think." Carrie Kipling once remarked to a guest: "Oh, Rud always brings his guests to read that when he thinks they should be going home."

And guests there were aplenty, in spite of the need for the writer-owner to have privacy. Kipling was related on his mother's side to Sir Edward Burne-Jones and Sir Edward Poynter, both painters, and Stanley Baldwin, three times prime minister. All visited often, along with various cousins, nephews and nieces. Frank Doubleday's name appears in the

# Seats and the bottom line

Farrol Kahn considers the ever-present conflict between company profits and the comfort of passengers

Are you sitting comfortably? You're not? Well, I'll begin anyway.

This is about the emotive subject of airline seats. Emotive, that is, for everyone from providers to users.

A new seat programme can cost an airline between £100m and £200m - and many a boardroom rumpus. Every member will have an opinion about comfort - and usually each is right.

"Even a colour can provoke an outright rejection," says Ian Toll, managing director of Aeroflot, makers of composite engineering processing equipment.

Seats are a key element of profit. An airline can gain two extra rows in the aircraft by shaving 1in off an economy class seat. Or it may provide a seat that reclines horizontally, which for a seven-hour flight over the Atlantic it can charge more than £2,000.

Marie-Pierre Henry, an Air France purser, says: "When I first flew, the seats were like armchairs, the backrest hardly moved and there was no footrest. The meals took three to four hours and you retired to the bar upstairs for coffee."

"Passengers then had more to drink and fall asleep easily. There was little inflight entertainment, so everyone was a chatterbox. Travel was leisurely. Now everything is speeded up and passengers are passive and bored. They work, watch TV or sleep."

The needs of business travellers have changed over the past 25 years so I set off in search of the perfect seat. I used three yardsticks - comfort, health and sleepability - and 12 airlines: Aer Lingus, Air Canada, Air France, ANA, Austrian Airlines, Lufthansa, British Airways, SAS, Swissair, United Airlines and Virgin.

For the business traveller in First or Business Class, the significant feature is whether it is possible to get a night's rest.

"Market research shows that although passengers are unwilling to pay more for champagne and caviar," says Linda Fredheim-Jork, public relations director of SAS, "they are for a good night's sleep."

In sleep experiments, the RAF Institute of Aviation Medicine found that a seat with a back angle of 49.5 degrees had a similar effect to a bed. At 37 degrees, sleep duration was reduced and 17.5 produced a poor sleeping pattern. While sleep efficiency declined with backrest reduction, sleep quality increased when the legrest was almost horizontal.

Virgin's 40-degree backrest provides adequate sleep, although the majority of airlines had greater angles.

Engine noise, passengers' United Airlines, in my

Class passengers display the distinctive red boarding passes in their outer pockets.

Although it is now three years old, British Airways has the best First Class bed. "It's exceptional in concept and in configuration," says Ed Fuller, president and managing director of Marriott International Operations, who travels 400,000 miles a year.

Tony Good, Marks and Spencer's public relations consultant, says First once a month on trips to India. Wearing a sleeper suit, he is asleep by the time the aircraft is in cruise. "My complaint is the thin mattress, as I have to wrap myself in a duvet to be comfortable," he says.

United Airlines, in my

has a movable screen for privacy, while SAS's Business seat is converted by an engineer into a sleeperette for an extra £377.

For those who doze easily in leather armchairs, Swissair's First Class could be the best choice.

Generous-sized seats are found on Virgin Upper Class with an almost horizontal legrest. ANA is big on accessories such as pyjamas, slippers and duvets, but the Business Class seat was more conducive to sleep than the bed.

Aer Lingus has a hard legrest which needs to be cushioned. Sleeperettes on Austrian Airlines are comfortable for sleep, but the legrests are low. Lufthansa's Star Trek bed comes with a pull-up handle that makes it easy to raise.

"Seat pitch" have become the operative words for 40 per cent of business people who fly on longhaul Economy because the seats are shrinking. Tony Lucking, a consultant to the Air Transport Users Council, has studied the phenomenon and travels with a tape measure.

"Until the mid-1980s, 34in seat pitch was standard in Economy," he says. "When British Airways privatised, it switched to 32in. As a result, it increased the number of seats by 13 per cent without reducing the full Economy fare."

BA achieved this by blocking off the 747 central emergency exit and putting part of the galley into the rear doorways. The trend has spread, particularly to charter companies, where seat pitches are only 28in.

Some passengers now consider cramped seating a hazard to flying. On a recent BA flight to Santiago, a couple - 5ft 4in and 5ft 9in tall - found their seats were so close to those in front that they could not read their books. The woman could not reach her handbag on the floor.

David Hiles, an American economist with the Bureau of Labour Statistics, at 5ft

'Seat pitch' are the operative words for 40 per cent of business people who fly on longhaul Economy - because seats are shrinking

movement, aircraft vibration and lighting changes also inhibit sleep.

Inadequate or badly designed seating can contribute to blood clots. Bad posture caused by bad seating can lead to cramp and block the veins which provide the flow of blood to the thighs or behind the calves.

As a result, when it comes to choosing a seat comfort is a high priority, according to a Delta Airlines survey. About 96 per cent of passengers say it is significant when choosing a carrier.

First Class is disappearing throughout the industry and five of the airlines reviewed have introduced the hybrid, Business/First.

So how essential is First Class to travellers?

"For the same reason that Mercedes Benz has an S-Class," says Holger Hatt, Lufthansa's vice-president of branding. "There's a demand for luxury goods and First satisfies this. It's a question of status which makes First

view, has the best Business seat. It has almost every conceivable gadget incorporated, including a therapeutic massager.

Donald Goodstein, president of Arctic Coolers, Miami, has a hypersensitive back following two spinal operations. "The seat's extremely comfortable because it has several settings," he says.

John Cox, head of Carfax Publishing, Oxford, notes that the pressure of United's seat is spread evenly over the body, so it is easy to sleep. But the legrest is low, about 45 degrees, which discourages good circulation.

Noteworthy features on other airlines include Air Canada's seats, suitable for short people, according to Jean Forrest, marketing director of Four Seasons, a petite 5ft 11in.

As befits a former Formula One driver, Nikki Lauda's version resembles a racing bucket seat which cocoons the body. Air France's bed

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## SPORT



Recovery story: bunker player extraordinary José María Olazabal came back from severe injury to register his second triumph at the US Masters at Augusta

## GOLF

# Olé, olé for master and apprentice

José María Olazabal and Sergio Garcia have lifted Ryder Cup hopes. Derek Lawrenson reports

At a reception at the Volvo Masters in Jerez last November I fell into conversation with two Spanish golf journalists of several years' standing. Both were depressed at what was happening to the sport in their country.

They appreciated that it would never have a profile to compare with football or cycling but for 20 years, thanks to the deeds of Severiano Ballesteros, José María Olazabal, and the hosting of the Ryder Cup, it had generated its share of headlines.

Now Ballesteros was old, Olazabal was struggling, and the Ryder Cup had been and gone. Golf was in danger of becoming a backwater sport again. Coverage was confined to a few paragraphs hidden at the bottom of a page.

One golf magazine had closed. "Miguel Angel Jimenez is our best player and well..." one golf follower said, and her voice trailed off, for she did not want to appear unkind. Nice man that Jimenez is, he could never carry his sport.

Yet look at the position now. Six months on, there has been a remarkable transformation. At the US Masters, Spain enjoyed its most successful golf day yet, its players completing a unique double for a country outside the US. Not only did Olazabal acquire the green victor's jacket, but Sergio Garcia became the first European to win the Silver Cup that goes to the leading amateur.

The return of Olazabal to the spotlight is the best thing that could have happened to Garcia as he embarks on the most widely anticipated professional career for some years. At least now he will not have the burden of being

the sole object of interest, with every round dissected.

Professional golfers in Spain are invariably sons of caddies or following in the footsteps of their patriarch. Garcia's father began his working life as a caddy before becoming a professional.

For the past 20 years he has worked at the Club de Mediterraneo just outside the prosperous town of Castellon, an hour's drive north of Valencia. His particular joy is teaching, but he never taught a pupil to compare with his own son. At Augusta he caddied for the last time, beside the boy he has nurtured to the brink of greatness.

Garcia played in 27 professional tournaments as an amateur, so he now stands on the first tee with no trace of awe of his surroundings. At the Masters, for example, he partnered Tiger Woods for the first 36 holes and from the start the pair chatted away like old friends.

Can he become Europe's answer to Woods? Certainly all the signs are promising. Such is

**Garcia partnered Tiger Woods for the first 36 holes and from the start the pair chatted away like old friends**

his talent and maturity, even though he is only 19 and, in his first few days as a pro, an appearance in Europe's Ryder Cup team in September is not stretching the bounds of credulity. If he did make it, there would be no prizes for guessing who his partner over the first two days of competition would be.

Olazabal's second green jacket was one of the more remarkable



Taking aim: Sergio Garcia could well be a partner for Olazabal in this year's Ryder Cup competition

golfing tales of recent times. There was not just his well-documented recovery from terrible injury, when for a time it looked as if he might not walk again much less play golf, but it seemed as if the advancements in the game were leaving him behind.

On the final day of the Masters, Olazabal missed eight greens in regulation figures but saved his par on all but two of those holes with a series of exquisite recovery shots. Like Ballesteros before him, he has elevated this part of the game to an art form.

The 12th was typical. Here his tee shot finished in the back bunker, making him the fourth player in quick succession to find that sand trap.

The other three are all capable bunker players, but Colin Montgomerie and Lee Westwood failed

to hold their sand shots on the hard putting surface, while Lee Janzen ran up a double bogey. Olazabal, meanwhile, played out to within 4in of the hole.

If it were possible to marry Olazabal's short game with Garcia's play from tee to green, Spain would have a player who might win 20 major championships. Certainly the pair make an obvious foursomes pairing in Ryder Cup play.

Becoming the leading amateur in the Masters was a glittering end to a portfolio of remarkable achievements for Garcia. Now we wait to see if he can translate that success to the professional ranks.

As for my Spanish colleagues, they can hardly believe what has happened. Considering the desire of Olazabal and the ability of Garcia, I have a feeling it will be long into the new millennium before any gloom and doom scenario is raised again.

PATRICK HARVERSON

## Let's switch to a ballgame fit for heroes

Thursday's launch in London of Major League Baseball's "Grand Slam Summer" of activities aimed at promoting the sport in the UK, gave me an idea for cricket World Cup year.

Why doesn't England abandon cricket - after all, we are not very good at it - and take up baseball instead?

Think about it for a second. Cricket is struggling to retain its position as our national summer sport for a host of reasons. Games last too long to fit into sensible TV schedules and ordinary folks' increasingly short attention spans; the inclement British weather regularly interrupts play; cricket has a fuddy-duddy, socially exclusive image that turns off many youngsters, particularly in the urban working classes; the cost of maintaining a proper pitch is too great for many schools to bear; there is a dire shortage of charismatic home-grown heroes for young fans to follow; and all too often a cricket game is deadly dull to watch.

Baseball, in contrast, is ideally suited to the sensibilities of Tony Blair's "New" Britain. Games last between two and three hours, and are divided up into easily digestible segments (nine innings of three batters each per team) that perfectly suit the rhythms of television and the watching viewers and spectators.

The weather is much less of a problem. Baseball is either played indoors, or if the game is outside, it can continue in the rain and cold, while bad light is never a problem because of floodlights.

Baseball's image could not be cooler, managing to be at one and the same time a pastoral game with a strong urban following among all classes. And the uniforms look great, too.

Schools can easily afford baseball, and kids can pick it up quickly because the basic rules are much like rounders. You hit the ball and run like hell for first base, or if you miss it three times you're out.

Also, the equipment is no more expensive than in cricket (more gloves, but fewer pads) and there is no need for expensive mowers or heavy rollers because a baseball field can be as rough as a Bronx backlot. All you need to do is mark out a diamond, three bases, home plate, and you're ready to play ball.

Finally, baseball is an exciting game played by real heroes: flame-throwing pitchers, Herculean batters, and spring-heeled fielders conjure up moments of jaw-dropping skill and power, from the soaring beauty of a 400ft home run to the flashy explosiveness of a perfectly executed double-play.

Sure, the game has its longeurs but all sports suffer those, and in baseball you are only ever a moment away from something wonderful.

Baseball has one final advantage that clinches it over cricket. More cricket games end in a draw than in a win, which is hugely unsatisfactory. So bizarre is cricket's culture, that changes introduced to the scoring system for this year's county championship mean that from now on teams get fewer points than before for a win, and more for a draw. Apparently, the idea is to produce more results, even if these are not results in the conventional sense of the word.

Baseball, however, is the ultimate results-oriented sport. There is no such thing as a draw or even a tie. The game goes on (and on) until someone wins.

Such is baseball's commitment to achieving a result, it is the only team sport without a clock.

Finally, if the Brits took up baseball, while we still might not win very often in international competition we would be spared the ignominy of regularly losing at a game we invented.

□ □ □

It was painful to be English at Wembley on Sunday for the last ever Five Nations rugby game. It was obvious the cause was lost when, with at least five minutes left in the match, some blazer-wearing fool of an Englishman decided to bring out the Five Nations trophy and place it in front of the Royal Box in readiness for its presentation to the victorious team.

As Wales had no chance of winning the trophy - Scotland, the only other side in the running, played its final game on Saturday - the authorities clearly thought England, at the time six points up, were a shoo-in for the title.

Do these people know nothing about sporting superstitions? Bringing out the trophy before the final whistle immediately laid

**Cricket has a socially exclusive image that turns off many youngsters, particularly in the working classes**

a curse on the all-whites. They might as well have started sticking pins into a Lawrence Dallaglio doll.

Someone must have done just that, because within minutes of the trophy's appearance Dallaglio had some sort of brain blackout and passed up the opportunity to kick a relatively easy three-point penalty that would have taken England out of Wales's reach.

Instead he kicked for touch, and moments later Scott Gibbs waltzed through an English midfield that parted before him like the Red Sea. In less time than it takes to say Llanfairpwllgwyngyllgogerychwyrndrobwllllantsylllogogoch, England had lost the Grand Slam, the Triple Crown and the Five Nations Championship.

The rule that you don't fool around with sport's superstitions has not just been ignored in rugby lately.

The sensational news from the football world this week was that Alex Ferguson had cancelled the scheduled recording of Manchester United's FA Cup Final/Champions League Final song "Lift It Up" to give his players more time to recuperate from their on-field exertions.

It seemed sensible, until it emerged that United had planned to record the track on Thursday. That is *lost* Thursday.

So, United were going to record a song celebrating their achievement in reaching the Champions League final almost a week before they had played the second leg of their semi-final against Juventus. What on earth did they think they were doing?

If the team had gone ahead and recorded the song, that would have been it for United.

Juventus's record of having lost only seven of 140 home European ties would have been extended into a 141st game. And, just as at Wembley last weekend, it would have served them right.

come to pass. Probably the toughest to establish in team sports is highly competitive college basketball, simply because, by definition, players graduate - if the very best do not leave school early for the professional game.

Still, it was a surprise that Duke University, from North Carolina, just down the tobacco road from Michael Jordan's alma mater, lost last month's championship to Connecticut. Duke, which had lost only one game all year, was beginning to seem as invincible as UCLA 30 years ago, reaching five finals this decade and winning twice.

Ironically, it was Duke's women's team a week earlier that destroyed the dynastic dreams of the University of Tennessee, champions for the three previous years. But then they lost in the finals to Purdue, leaving poor Duke on the short end of two sticks.

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## FT WEEKEND

## WORDPLAY

## Gimme shelter, but please don't give me asylum

Ian Davidson finds an added reason to wish for peace in the Balkans as hapless refugees might feel British policy is less than creditable

The allied bombing of the former Yugoslavia seems to be slow in bringing peace to the Balkans. So if, by any chance, the bombing should fail to bring peace, the next question – and it's a big one – will be what to do about the refugees?

Britain's record on asylum seekers, unfortunately, does not inspire much confidence in the goodwill of its rulers towards the dispossessed and persecuted of other countries. What is more, the new immigration and asylum bill now going through parliament is designed to be even more economical with goodwill.

The first surprise is that much of the detail of Britain's asylum policy is available for inspection at the Home Office site on the web ([www.homeoffice.gov.uk](http://www.homeoffice.gov.uk)). From here you can get to the home page of the immigration and nationality directorate ([homeoffice.gov.uk/ind/hpg.htm](http://homeoffice.gov.uk/ind/hpg.htm)) and from there to the many pages of instructions for officials writing in reply to asylum seekers ([homeoffice.gov.uk/ind/adic.htm](http://homeoffice.gov.uk/ind/adic.htm)).

Of course, there are some confidential pages which remain out of bounds to the general public. Even so, the accessible

material reveals a surprising amount about Britain's asylum policy, including elements that are less than creditable.

In its white paper preceding the bill, the government said: "The UK has a long-standing tradition of giving shelter to those fleeing persecution in other parts of the world. We will continue to observe with meticulous fairness our obligations under the 1951 Convention Relating to the Status of Refugees."

But anyone who has looked seriously knows this is a misrepresentation of British asylum policy, under this government as under its predecessors. If "meticulous fairness" operates, it is ultimately through the courts of law, and only for asylum seekers who can get that far.

The unmistakable objective of the Home Office is, as far as possible, to deny asylum; by

refusing to grant it in the first place; by arguing against it before adjudicators; and even by appealing against favourable adjudication. In some cases, including many which are manifestly deserving, asylum is only granted after years of struggle against Home Office resistance.

The web site contains an intriguing section which instructs officials how to write a letter refusing asylum, including 12 pages of standard paragraphs, which it advises them to use as far as possible. This is ostensibly for the sake of consistency; and yet many of the paragraphs contradict each other.

Here's a good one: "The Secretary of State noted that you were able to obtain a properly issued passport to leave [your] country. He concluded that this indicated that the authorities have no interest in you." In other words, the claimant has not been

persecuted and does not deserve asylum.

Note that the Home Office never uses the word "persecute"; today, the correct expression is, "take an interest in". In the same way, Home Office speak never refers to "torture", the correct term is "alleged mistreatment".

**An asylum seeker can be discredited for being too quick to leave his own country, or for being too slow**

But the opposite argument is used on the next page: "The Secretary of State has noted that you sought to enter the UK using false documents. Your actions in doing so have seriously undermined the credibility of your claim to be a genuine asylum seeker."

Similarly, the letter writer can choose whether to discredit an asylum-seeker because he was

too quick to leave his own country, or alternatively because he was too slow.

For inspiration, the letter-writers can draw on country assessment reports ([homeoffice.gov.uk/ind/cipri.htm](http://homeoffice.gov.uk/ind/cipri.htm)). Unfortunately, many of these reports are inadequate,

are adapted to real-life cases.

For example: "You claim you were beaten and burned with an iron bar. You claim you hid in Turkey until you travelled to the UK. Taking into account your appalling lack of credibility, the Secretary of State considers that in fact these wounds were inflicted at your request in an attempt to strengthen your claim." (The Medical Foundation commented that the person in question had "100-plus scars on his back from burns".)

Sometimes the Home Office decides that the victim is really a criminal. In the case of a Bulgarian, a member of an ethnic minority, the Secretary of State considers that "as a member of an illegal organisation, the interest shown in you by the authorities was to be expected". Nevertheless, the claimant could count on "a fair trial under an independent

and properly constituted judiciary".

An Algerian member of the fundamentalist Islamic movement Front Islamique du Salut, who left Algeria to avoid conscription, was told that he had provided no ideological basis "to explain your unwillingness to undertake military service". Moreover, the Secretary of State was of the opinion that military service in Algeria did not entail any duties "which may be considered to be contrary to the basic rules of human conduct or established principles of international law".

The 1998 human rights report by the US State Department said that the Kenyan government's human rights record had deteriorated, with serious problems in many areas. But the Home Office letter of refusal to a Kenyan stated categorically that "the Secretary of State does not accept that individuals in Kenya are subject to persecution, harassment or victimisation due to their political opinion, ethnic background or for any other reasons detailed under the 1951 United Nations Convention". My conclusion? Let's hope the bombing brings peace.

## METROPOLIS

## Heads together for Einstein

At a party in London an influential group hatched a plan for a new highbrow radio station. Can it be pulled into reality, asks Ben Rogers



Mix three or four journalists together, add a dash of alcohol, and it won't be long before they ferment a scheme to start a new magazine or paper. The plan to set up a new highbrow radio station, Radio Einstein, seems, at first glance, to be a case in point.

Two aspects of this particular baby, however, make it stand out. First, it has some experienced and influential backers. The composer Michael Nyman, Dominic Gill, once an FT music critic and co-founder of *Loot*, the listings paper, and Tariq Ali, agitator, novelist and playwright, have formed themselves into "the Radio Einstein committee".

Backers and supporters include Jonathan Miller, George Walden, Simon Jenkins and Lord Gower, and broadcasters Isabel Hilton and Gill Pyrah.

Second, this is to be a radio station, not a newspaper, wherein lies its prob-

lems but also its promise. The idea for the new station occurred, true to tradition, at a party – on this occasion at Nyman's Christmas get-together. Gill was bemoaning the decline of BBC Radio 4, when everyone joined in. Before anyone could say "no for control", a plan for the new station had been launched. A meeting of supporters has been held and large donations have apparently been promised.

Indeed, Gill reports that he and his friends have been amazed by the "quite remarkable" level of public support "flooding in". An application has already been made for a licence to set up a national digital channel, to be received on the new and, for the time being, very expensive digital sets. But Ali and his friends are adamant that what they really want – and deserve – is a national frequency, similar to those occupied by Talk

Radio, Virgin and Classic FM.

Gill is drawing up a business plan in preparation for a bid to the Radio Authority later this year.

When Ali first wrote about the plans in the *London Evening Standard*, he presented it as a response to the "dumbing down" of Radio 4, now "horribly stupid and dreary". This "itself was a reflection of the demagogic populism that characterises New Labour cultural policy".

George Walden, the columnist and former MP, writing in the *New Statesman*, similarly described Radio 4 as "an alternative to the 'all-devouring, arrogantly populist, anti-intellectual, feeble-minded' that is, he claims, the BBC. Since these outbursts, however, those behind the station have been keen to stress that they do not want to rival BBC Radios 3 and 4, but to "complement" them.

The Einstein committee says it wants a station with a cultural focus, where "culture" includes cinema, television, books, dance and music, as well as science, architecture, medicine and education. One model is supplied by Arte, the Franco-German TV channel devoted to arts and cultural events, another by the American national public radio network which Ali contends are "infinitely superior to the BBC".

Most of the schedule would be devoted to talk, plays and documentaries, although afternoons might be given over to music – both classical and "contemporary music of the sort that Andy Warhol was so good at digging out". Three news programmes a day are planned, with an emphasis on European and international affairs. Ali suggests the station might be able to enter into an agreement with American National Public Radio to pool resources.

The station will not be commercial. The intention is to set up a charitable trust.

the Radio Einstein Foundation, based on endowments. (Lord Gower, a former head of the Arts Council, has agreed to act as chairman.) This would pay for day-to-day running costs. Additional funds would come from private subscriptions, from 25 a month upwards, and named sponsors.

But is there room for such a station? You don't have to agree with Ali's or Walden's dark views about the BBC to

think so. Britain supports several national broadcast newspapers. TV channels multiply like bacilli.

British radio, however, still offers a relatively narrow range of choices, especially at the upper end of the market. If you don't want to listen to a rerun of *The Archers* on Sunday morning (Radio 4) and are not in the mood for classical music (Radio 3), you had better switch off.

The sort of station that Radio Einstein wants to be will only appeal to a minor-

ity – but potentially a rich and sizeable one. The British public is better educated and more cosmopolitan than ever before; the sort of audience for which it wants to cater is growing not shrinking.

The promised coverage of European politics and culture would certainly be welcome.

Radio Einstein, though, has a difficult hill to climb. It is not at all obvious where the backing for the station would come from. American public radio is hardly a good model. The British are, famously, less willing to donate and subscribe than Americans and, in this instance, with the BBC already providing a public service, they have less reason to do so.

Melvyn Bragg, the writer and broadcaster, originally named as a backer, is far from convinced that the station is viable. "A great deal of expertise and money would be required, and I can't see where it would come from," he said.

Apart from serious doubts about whether a non-commercial station could support itself, another grave obstacle stands in the way: the Einstein committee's ambition for a national frequency. The Radio Authority insists there is none available. Nor are any of the frequencies over which they have control likely to

become available for "many years".

A London frequency would, says Ali, give the new station a "narrow base" and a claustrophobic, metropolitan feel. Digital and internet broadcasting reaches only a tiny audience. The idea of setting up a private station in Ireland off the English coast has been considered but dismissed.

Gill admits that Radio Einstein might have to start with a combined digital and internet channel. But he and his fellow plotters have not given up hopes of buying into an existing user – just FM – or even getting a frequency released. It is generally agreed there would be space for a new national service if the BBC were forced to adjust its frequencies. That would involve government intervention.

But even if the government could be persuaded to take this step – Ali claims is open to persuasion – Radio Einstein would still presumably, have to compete against rival bidder. And victory would not come cheap. Up to now, the national frequencies have been allocated on a purely financial basis: the highest bid wins.

All of which serves as reminder there is a big gap between plans hatched at party and their realisation.

## ARCADIA

## Lousy times facing the boob tube

Clare Young flees the fixations of England for Italy, but finds she just runs into a new set of obsessions

One of the reasons for fleeing from England to live abroad was to escape British obsessions: talking about football (in its real and fantasy forms), fluctuating house prices and, worst of all, schooling.

I grew to dread the sinking feeling that descends every time two or three parents are gathered in a room and the private versus state education debate begins; or the boredom that takes over as secondary school transfer options are discussed all over again.

Well, how naive I was to imagine that Italy would ever provide an arcadia without such obsessions.

Thankfully, my grasp of Italian is so crude that I can sidestep parental concerns regarding education – if they do exist. But it is difficult to avoid the football. Even in a place as bourgeois and refined as Lucca, the Sunday afternoon passy-

giata is dominated by elderly men in camel coats, one hand linked through the arm of a fur-clad spouse, the other clutching a radio broadcasting the football commentary.

The younger men have learnt to be more subtle and wear an earplug when accompanying their girlfriends – presumably having tucked their radio into the back pocket of their jeans – but there is no hiding that look of feigned interest in the world beyond the goalposts on his face. And the pent-up fury at his indifference on here.

A world without obsessions? Forget it. They may be in a different language or in a different form but there's no escaping them.

Mind you, this week has been a bad one. The children had head lice. This might be no big deal in London – but in a world where there are no head lice, where *comune*

(municipal) health detectors check your offspring every term, where, if head lice are found, the children are sent home from school in disgrace and forbidden to return without a clean bill of health, it is crushing.

We now know what it is to suffer the abuse of being the only family in the town with *pidocchi* – somehow smuggled over to us by visiting English friends. We spent an entire day trying every which way to get rid of the creatures and even then had to resort to logging off great tresses of hair. And we still have to return to the *comune* health office next week to be checked all over again.

I shouldn't have been surprised. This is the town where every inhabitant power-walks or jogs round and round its walls, where you are shadowed by eerie, electric, three-wheeled vehicles that suck up dog mess: where rubbish bins

are emptied every morning, throughout the morning – four, five, even six times. Turn your back, and the bins have gone.

There are teams of *comune* terra workers collecting leaves even as they fall from the trees. And there are the interesting women – every woman of child-bearing age or over spends her day looking out for other women of child-bearing age in order to deliver a lecture on why her children are not wearing enough clothes, sensible shoes, sucking dummies, in bed, out of bed, sitting down, standing up...

Whatever your child is doing, the interfering woman would do it differently, for which read "better".

My reports to this, loosely translated, is: "Madam, if you had as many children as I had then your mind would be on other matters." (This is, of course, not entirely

true. I blush slightly, look confused at the barrage of Italian blarney at me and turn away smiling weakly while my whole body seethes.)

But above all, there are become. Italian television is fixated with them. Every advert features scantily clad girls. A popular prime-time television programme is *Snella e Magriore* (Slimmer and Larger) in which a team of svelte younger women with big boobs competes against another team of older, more curvaceous women with even bigger boobs.

They set each other challenges, all of which demonstrate, to the delight of a salivating male audience, how well-formed their bodies are by leaping around on bouncy castles.

Please, please, is there anyone out there who would like to discuss secondary school transfers?

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